

**[DISCUSSION DRAFT]**

OCTOBER 12, 2007

110TH CONGRESS  
1ST SESSION**H. R.** \_\_\_\_\_

To amend the Trade Act of 1974 to reauthorize trade adjustment assistance, to extend trade adjustment assistance to service workers, communities, and firms, and for other purposes.

---

**IN THE HOUSE OF REPRESENTATIVES**

M\_\_\_\_. \_\_\_\_\_ introduced the following bill; which was referred to the Committee on \_\_\_\_\_

---

**A BILL**

To amend the Trade Act of 1974 to reauthorize trade adjustment assistance, to extend trade adjustment assistance to service workers, communities, and firms, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Trade Adjustment Assistance Improvement Act”.

1           (b) TABLE OF CONTENTS.—The table of contents for  
2 this Act is as follows:

- Sec. 1. Short title; table of contents.  
Sec. 2. Findings.

TITLE I—TRADE ADJUSTMENT ASSISTANCE FOR WORKERS

Subtitle A—Trade Adjustment Assistance for Services Sector; Shifts in  
Production Overseas for Manufacturing and Services

- Sec. 101. Extension of trade adjustment assistance to services sector; shifts in  
production.  
Sec. 102. Determinations by Secretary of Labor.  
Sec. 103. Monitoring and reporting relating to service sector.

Subtitle B—Industry-Wide Trade Adjustment Assistance

- Sec. 111. Industry-wide determinations.  
Sec. 112. Notifications regarding affirmative determinations and safeguards.  
Sec. 113. Notification to Secretary of Commerce.

Subtitle C—Program Benefits

- Sec. 121. Qualifying requirements for workers.  
Sec. 122. Weekly amounts.  
Sec. 123. Limitations on trade readjustment allowances; allowances for ex-  
tended training and breaks in training.  
Sec. 124. Special rules for calculation of eligibility period.  
Sec. 125. Application of State laws and regulations on good cause for waiver  
of time limits or late filing of claims.  
Sec. 126. Employment and case management services.  
Sec. 127. Training.  
Sec. 128. Prerequisite education; approved training programs.  
Sec. 129. Eligibility for unemployment insurance while in training.  
Sec. 130. Administrative expenses and employment services.  
Sec. 131. Job search and relocation allowances.

Subtitle D—Health Care Provisions

- Sec. 141. Modifications relating health insurance assistance for certain TAA  
and PBGC pension recipients.

Subtitle E—Wage Insurance

- Sec. 151. Reemployment trade adjustment assistance program for older work-  
ers.

Subtitle F—Other Matters

- Sec. 161. Agreements with States.  
Sec. 162. Technical amendments.  
Sec. 163. Office of Trade Adjustment Assistance; Deputy Assistant Secretary  
for Trade Adjustment Assistance.  
Sec. 164. Collection of data and reports; information to workers.  
Sec. 165. Extension of TAA program.  
Sec. 166. Judicial review.

Sec. 167. Liberal construction of certification of workers and firms.

#### TITLE II—TRADE ADJUSTMENT ASSISTANCE FOR FIRMS

Sec. 201. Trade adjustment assistance for firms.

Sec. 202. Extension of authorization of trade adjustment assistance for firms.

Sec. 203. Industry-wide programs for the development of new services.

#### TITLE III—UNEMPLOYMENT INSURANCE

Sec. 301. Short title.

Sec. 302. Special transfers to State accounts in the Unemployment Trust Fund.

Sec. 303. Extension of FUTA tax.

#### TITLE IV—MANUFACTURING REDEVELOPMENT ZONES

Sec. 401. Manufacturing redevelopment zones.

### 1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

3 (1) Since January 2001, the United States  
4 economy has lost nearly 3 million jobs in the manu-  
5 facturing sector alone.

6 (2) Today, over 7.1 million people are unem-  
7 ployed, and nearly 1.2 million of those individuals  
8 have been unemployed for 6 months or longer.

9 (3) While the United States manufacturing sec-  
10 tor has been the hardest hit by increased unemploy-  
11 ment, the service sector has also seen declines as  
12 jobs have moved to low-cost labor markets, such as  
13 China, India, and the Philippines.

14 (4) Promoting the economic growth and com-  
15 petitiveness of the United States requires—

16 (A) opening substantial new markets for  
17 American goods, services, and farm products;

1 (B) building a strong framework of rules  
2 for international trade to level the playing field  
3 for American workers and businesses in all sec-  
4 tors of the economy; and

5 (C) helping those affected by globalization  
6 overcome its challenges and succeed.

7 (5) Congress created the trade adjustment as-  
8 sistance program in 1962 to provide United States  
9 workers who lose their job because of foreign com-  
10 petition with government-funded training and associ-  
11 ated income support to enable these workers to tran-  
12 sition to new, good-paying jobs.

13 (6) Unfortunately, the trade adjustment assist-  
14 ance program has not kept pace with globalization  
15 and it is failing to ensure that all workers impacted  
16 by trade receive the assistance they need and de-  
17 serve.

18 (7) Workers in the service sector, who make up  
19 approximately 80 percent of the American work-  
20 force, are ineligible for trade adjustment assistance.

21 (8) Inadequate funding for training leaves  
22 many dislocated workers without access to the re-  
23 training they need to find good-paying jobs.

1 (9) Unnecessary, unduly burdensome, and con-  
2 fusing program eligibility rules prevent workers from  
3 gaining access to benefits for which they are eligible.

4 (10) The trade adjustment assistance health  
5 care tax credit suffers from fundamental flaws and  
6 as a result, the credit is not being used by the vast  
7 majority of workers eligible for the trade adjustment  
8 assistance program, despite a clear need for access  
9 to affordable healthcare.

10 (11) To meet the challenges posed by  
11 globalization and to preserve the critical role that  
12 American workers play in promoting the strength  
13 and prosperity of the United States, the trade ad-  
14 justment assistance program must be reformed.

15 **TITLE I—TRADE ADJUSTMENT**  
16 **ASSISTANCE FOR WORKERS**  
17 **Subtitle A—Trade Adjustment As-**  
18 **sistance for Services Sector;**  
19 **Shifts in Production Overseas**  
20 **for Manufacturing and Services**

21 **SEC. 101. EXTENSION OF TRADE ADJUSTMENT ASSISTANCE**  
22 **TO SERVICES SECTOR; SHIFTS IN PRODUC-**  
23 **TION.**

24 (a) PETITIONS.—Section 221(a)(1) of the Trade Act  
25 of 1974 (19 U.S.C. 2271(a)(1)) is amended—

1 (1) in the matter preceding subparagraph (A)—

2 (A) by striking “Secretary” and inserting  
3 “Secretary of Labor (in this chapter referred to  
4 as the ‘Secretary’)”; and

5 (B) by striking “or subdivision” and in-  
6 serting “, subdivision, or public agency”; and

7 (2) in subparagraph (A), by striking “firm)”  
8 and inserting “firm, and workers in a service sector  
9 firm or subdivision of a service sector firm, or public  
10 agency)”.

11 (b) GROUP ELIGIBILITY REQUIREMENTS.—

12 (1) IN GENERAL.—Subsection (a) of section  
13 222 of the Trade Act of 1974 (19 U.S.C. 2272) is  
14 amended—

15 (A) in the matter preceding paragraph (1),  
16 by striking “(including workers in any agricul-  
17 tural firm or subdivision of an agricultural  
18 firm)” and inserting “(other than workers in a  
19 public agency)”;

20 (B) in paragraph (2)—

21 (i) in subparagraph (A)(ii), by strik-  
22 ing “like or directly competitive with arti-  
23 cles produced” and inserting “or services  
24 like or directly competitive with articles  
25 produced or services provided”; and

1 (ii) by striking subparagraph (B) and  
2 inserting the following:

3 “(B) (i) there has been a shift, by such  
4 workers’ firm or subdivision to a foreign coun-  
5 try, of production of articles, or in provision of  
6 services, like or directly competitive with arti-  
7 cles that are produced, or services that are pro-  
8 vided, by such firm or subdivision; or

9 “(ii) such workers’ firm or subdivision has  
10 obtained or is likely to obtain articles or serv-  
11 ices described in clause (i) from a foreign coun-  
12 try.”.

13 (2) WORKERS IN PUBLIC AGENCIES.—Such sec-  
14 tion is further amended—

15 (A) by redesignating subsections (b) and  
16 (c) as subsections (c) and (d), respectively; and

17 (B) by inserting after subsection (a) the  
18 following new subsection:

19 “(b) ADVERSELY AFFECTED WORKERS IN PUBLIC  
20 AGENCIES.— A group of workers in a public agency shall  
21 be certified by the Secretary as eligible to apply for adjust-  
22 ment assistance under this chapter pursuant to a petition  
23 filed under section 221 if the Secretary determines that—

24 “(1) a significant number or proportion of the  
25 workers in the public agency, or an appropriate sub-

1 division of the public agency, have become totally or  
2 partially separated, or are threatened to become to-  
3 tally or partially separated; and

4 “(2) the public agency or subdivision has ob-  
5 tained or is likely to obtain from a foreign country  
6 services that would otherwise be provided by such  
7 agency or subdivision.”.

8 (3) ADVERSELY AFFECTED SECONDARY WORK-  
9 ERS.—Subsection (c) of such section (as redesign-  
10 nated by paragraph (2)(A) of this subsection) is  
11 amended—

12 (A) in the matter preceding paragraph (1),  
13 by striking “agricultural firm)” and inserting  
14 “agricultural firm, and workers in a service sec-  
15 tor firm or subdivision of a service sector  
16 firm)”;

17 (B) in paragraph (2)—

18 (i) by inserting “or service” after “re-  
19 lated to the article”; and

20 (ii) by striking “(c)(3)” and inserting  
21 “(d)(3)”; and

22 (C) in paragraph (3)(A), by striking “it  
23 supplied to the firm (or subdivision)” and in-  
24 serting “or services it supplied to the firm (or  
25 subdivision)”.



1           (4) DEFINITIONS AND ELIGIBILITY.—Sub-  
2       section (d) of such section (as redesignated by para-  
3       graph (2)(A) of this subsection) is amended—

4           (A) in the heading—

5               (i) by striking “(d) For purposes” and  
6       inserting “(d) DEFINITIONS AND ELIGI-  
7       BILITY.—For purposes”; and

8               (ii) by striking “section—” and in-  
9       serting “section:”;

10          (B) in paragraph (3)—

11               (i) by inserting “or services” after  
12       “value-added production processes”;

13               (ii) by striking “or finishing” and in-  
14       serting “, finishing, testing, packaging, or  
15       maintenance or transportation services”;

16               (iii) by inserting “or services” after  
17       “for articles”;

18               (iv) by inserting “(or subdivision)”  
19       after “such other firm”; and

20               (v) by striking “, if the certification”  
21       and all that follows through “Canada or  
22       Mexico”;

23          (C) in paragraph (4)—

24               (i) by striking “for articles” and in-  
25       serting “, or services, used in the produc-

1                   tion of articles or in the provision of serv-  
2                   ices”; and

3                   (ii) by inserting “(or subdivision)”  
4                   after “such other firm”; and

5                   (D) by adding at the end the following new  
6                   paragraph:

7                   “(5) FIRMS IDENTIFIED BY ITC.—For purposes  
8                   of this section, a petition filed under section 221  
9                   covering a group of workers from a firm or appro-  
10                  pate subdivision of a firm meets the requirements  
11                  of subsection (a) if the firm is identified by the  
12                  International Trade Commission under subsection  
13                  (c), (d), or (e) of section 224.”.

14                  (5) BASIS FOR SECRETARY’S DETERMINA-  
15                  TIONS.—Section 222 of the Trade Act of 1974 is  
16                  further amended by adding at the end the following  
17                  new subsection:

18                  “(e) BASIS FOR SECRETARY’S DETERMINATIONS.—

19                  “(1) INCREASED IMPORTS OF SERVICES.—For  
20                  purposes of subsection (a)(2)(A)(ii), the Secretary  
21                  may determine that increased imports of like or di-  
22                  rectly competitive services exist if the customers of  
23                  the workers’ firm or subdivision accounting for not  
24                  less than 20 percent of the sales of the workers’ firm  
25                  or subdivision certify to the Secretary that such cus-

1       tomers are obtaining such services from a foreign  
2       country.

3               “(2) SHIFT IN PRODUCTION; OBTAINING ARTI-  
4       CLES OR SERVICES ABROAD.—For purposes of sub-  
5       sections (a)(2)(B) and (b)(2), the Secretary may de-  
6       termine that there has been a shift in production of  
7       articles or provision of services, or that a workers’  
8       firm or public agency, or subdivision thereof, has ob-  
9       tained or is likely to obtain like or directly competi-  
10      tive articles or services from a foreign country, based  
11      on a certification thereof from the workers’ firm,  
12      public agency, or subdivision (as the case may be).

13              “(3) PROCESS AND METHODS FOR OBTAINING  
14      CERTIFICATIONS.—

15              “(A) REQUEST BY PETITIONER.—If re-  
16      quested by the petitioner, the Secretary shall  
17      obtain the certifications under paragraphs (1)  
18      and (2) in such manner as the Secretary deter-  
19      mines is appropriate, including by issuing sub-  
20      poenas under section 249 when necessary.

21              “(B) PROTECTION OF CONFIDENTIAL IN-  
22      FORMATION.—The Secretary may not release  
23      information obtained under subparagraph (A)  
24      that the Secretary considers to be confidential  
25      business information unless the party submit-

1           ting the confidential business information had  
2           notice, at the time of submission, that such in-  
3           formation would be released by the Secretary,  
4           or such party subsequently consents to the re-  
5           lease of the information. Nothing in this sub-  
6           paragraph shall be construed to prohibit a court  
7           from requiring the submission of such confiden-  
8           tial business information to the court in cam-  
9           era.”.

10       (c) DEFINITIONS.—Section 247 of the Trade Act of  
11 1974 (19 U.S.C. 2319) is amended—

12           (1) in paragraph (1)—

13               (A) by inserting “or public agency” after  
14           “of a firm”; and

15               (B) by inserting “or public agency” after  
16           “or subdivision”;

17           (2) in paragraph (2)(B), by inserting “or public  
18           agency” after “the firm”;

19           (3) by redesignating paragraphs (8) through  
20           (17) as paragraphs (9) through (18), respectively;  
21           and

22           (4) by inserting after paragraph (6) the fol-  
23           lowing new paragraphs:

1 “(7) The term ‘public agency’ means a depart-  
2 ment or agency of a State or local government or of  
3 the Federal Government.

4 “(8) The term ‘service sector firm’ means an  
5 entity engaged in the business of providing serv-  
6 ices.”.

7 **SEC. 102. DETERMINATIONS BY SECRETARY OF LABOR.**

8 Section 223(b) of the Trade Act of 1974 (19 U.S.C.  
9 2273(b)) is amended by striking “before his application”  
10 and all that follows and inserting “before the worker’s ap-  
11 plication under section 231 occurred more than one year  
12 before the date of the petition on which such certification  
13 was granted.”.

14 **SEC. 103. MONITORING AND REPORTING RELATING TO**  
15 **SERVICE SECTOR.**

16 (a) IN GENERAL.—Section 282 of the Trade Act of  
17 1974 (19 U.S.C. 2393) is amended—

18 (1) in the heading, by striking “**SYSTEM**” and  
19 inserting “**AND DATA COLLECTION**”;

20 (2) in the first sentence—

21 (A) by striking “The Secretary” and in-  
22 serting “(a) MONITORING PROGRAMS.—The  
23 Secretary”;

24 (B) by inserting “and services” after “im-  
25 ports of articles”;

1 (C) by inserting “and domestic provision of  
2 services” after “domestic production”;

3 (D) by inserting “or providing services”  
4 after “producing articles”; and

5 (E) by inserting “, or provision of serv-  
6 ices,” after “changes in production”; and

7 (3) by adding at the end the following:

8 “(b) COLLECTION OF DATA AND REPORTS ON SERV-  
9 ICE SECTOR.—

10 “(1) SECRETARY OF LABOR.—Not later than  
11 90 days after the date of the enactment of the Trade  
12 Adjustment Assistance Improvement Act, the Sec-  
13 retary of Labor shall implement a system to collect  
14 data on adversely affected workers employed in the  
15 service sector that includes the number of workers  
16 by State, industry, and cause of dislocation of each  
17 worker.

18 “(2) SECRETARY OF COMMERCE.—Not later  
19 than 180 days after such date of enactment, the  
20 Secretary of Commerce shall, in consultation with  
21 the Secretary of Labor, conduct a study and report  
22 to Congress on ways to improve the timeliness and  
23 coverage of data on trade in services, including  
24 methods to identify increased imports due to the re-  
25 location of United States firms to foreign countries,

1 and increased imports due to United States firms  
2 obtaining services from firms in foreign countries.”.

3 (b) CLERICAL AMENDMENT.—The table of contents  
4 in section 1 of the Trade Act of 1974 is amended by strik-  
5 ing the item relating to section 282 and inserting the fol-  
6 lowing:

“Sec. 282. Trade monitoring and data collection.”.

7 **Subtitle B—Industry-Wide Trade**  
8 **Adjustment Assistance**

9 **SEC. 111. INDUSTRY-WIDE DETERMINATIONS.**

10 (a) IN GENERAL.—Subchapter A of chapter 2 of title  
11 II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.) is  
12 amended by adding after section 223 the following new  
13 section:

14 **“SEC. 223A. INDUSTRY-WIDE DETERMINATIONS.**

15 “(a) INVESTIGATION.—Upon the request of the  
16 President or the United States Trade Representative, or  
17 the resolution of either the Committee on Finance of the  
18 Senate or the Committee on Ways and Means of the  
19 House of Representatives, or if the Secretary certifies 3  
20 or more petitions under section 221(a) within a 180-day  
21 period on behalf of groups of workers in a domestic indus-  
22 try (as defined by the North American Industry Classifica-  
23 tion), the Secretary shall promptly initiate an investigation  
24 under this chapter to determine the eligibility for adjust-  
25 ment assistance of—

1 “(1) all workers in an industry as that industry  
2 is defined by the North American Industry Classi-  
3 fication System; or

4 “(2) all workers in an industry in a specific ge-  
5 ographic region.

6 “(b) DETERMINATION REGARDING INDUSTRY-WIDE  
7 CERTIFICATION.—

8 “(1) DETERMINATION.—If the Secretary re-  
9 ceives a request or a resolution under subsection (a)  
10 or certifies 3 or more petitions as described in sub-  
11 section (a), the Secretary shall, not later than 60  
12 days after receiving the request or resolution or  
13 making the certification of 3 or more petitions, as  
14 the case may be—

15 “(A) determine whether all adversely af-  
16 fected workers in that domestic industry are eli-  
17 gible to apply for assistance under this sub-  
18 chapter, in accordance with the criteria estab-  
19 lished under paragraph (4); or

20 “(B) determine whether all adversely af-  
21 fected workers in that domestic industry in a  
22 specific geographic region are eligible to apply  
23 for assistance under this subchapter, in accord-  
24 ance with the criteria established under para-  
25 graph (4).



1 “(2) IDENTIFICATION AND CERTIFICATION.—

2 “(A) AFFIRMATIVE DETERMINATION.—

3 “(i) IN GENERAL.—Upon making an  
4 affirmative determination under paragraph  
5 (1), the Secretary shall—

6 “(I) identify all firms operating  
7 within the domestic industry described  
8 in subparagraph (A) or (B) or para-  
9 graph (1) that are covered by the de-  
10 termination;

11 “(II) certify all workers of such  
12 firms as a group of workers eligible to  
13 apply for assistance under this sub-  
14 chapter, without any other determina-  
15 tion of whether such group meets the  
16 requirements of section 222.

17 “(ii) OTHER REQUIREMENTS.—

18 “(I) IN GENERAL.—Each certifi-  
19 cation under clause (i)(II) shall speci-  
20 fy the date on which the total or par-  
21 tial separation began or threatened to  
22 begin, except that—

23 “(aa) with respect to a re-  
24 quest or a resolution under sub-  
25 section (a), such date may not be

1 a date that precedes one year be-  
2 fore the date on which the Sec-  
3 retary receives the request or res-  
4 olution, as the case may be; and

5 “(bb) with respect to a cer-  
6 tification of 3 or more petitions  
7 as described in subsection (a),  
8 such date may not be a date that  
9 precedes one year before the date  
10 on which the Secretary certifies  
11 the 3d such petition.

12 “(II) INAPPLICABILITY.—A cer-  
13 tification under clause (i)(II) shall not  
14 apply to any worker whose last total  
15 or partial separation from the firm oc-  
16 curred before the date specified in the  
17 preceding sentence.

18 “(B) NEGATIVE DETERMINATION.—If the  
19 Secretary makes a negative determination  
20 under paragraph (1), the Secretary shall notify  
21 the Committee on Ways and Means of the  
22 House of Representatives and the Committee  
23 on Finance of the Senate of the reasons for the  
24 Secretary’s determination.

1           “(C) PUBLICATION.—Upon reaching a de-  
2           termination under paragraph (1) the Secretary  
3           shall promptly publish a summary of the deter-  
4           mination in the Federal Register together with  
5           the reasons for making such determination.

6           “(D) TERMINATION.—Whenever the Sec-  
7           retary determines that a certification under  
8           subparagraph (A) is no longer warranted, the  
9           Secretary shall terminate the certification and  
10          promptly have notice of the termination pub-  
11          lished in the Federal Register together with the  
12          reasons for making such determination under  
13          this subparagraph. Such termination shall apply  
14          only with respect to total or partial separations  
15          occurring after the termination date specified  
16          by the Secretary.

17          “(3) OUTREACH.—Upon making a certification  
18          under paragraph (2)(A) of eligibility for adjustment  
19          assistance under this chapter of a group of workers  
20          or all workers in an industry under paragraph (1),  
21          the Secretary shall notify each Governor of a State  
22          in which the workers are located of the determina-  
23          tion.

24          “(4) REGULATIONS.—The Secretary shall, not  
25          later than 1 year after the date of the enactment of

1 the Trade Adjustment Assistance Improvement Act,  
2 issue regulations for making determinations under  
3 this subsection, including criteria for making such  
4 determinations.”.

5 (b) CLERICAL AMENDMENT.—The table of contents  
6 in section 1 of the Trade Act of 1974 is amended by in-  
7 serting after the item relating to section 223 the following:  
“Sec. 223A. Industry-wide determinations.”.

8 (c) CONFORMING AMENDMENTS.—Chapter 2 of title  
9 II of the Trade Act of 1974 is amended—

10 (1) in section 225—

11 (A) in subsection (a), in the last sentence  
12 by inserting “or 223A” after “223”; and

13 (B) in subsection (b)—

14 (i) in paragraph (1), by striking “sub-  
15 chapter A of this chapter” and inserting  
16 “this subchapter”; and

17 (ii) in paragraph (2), by striking  
18 “subchapter A” and inserting “this sub-  
19 chapter”; and

20 (2) in section 231—

21 (A) in subsection (a)—

22 (i) in the matter preceding paragraph  
23 (1), by striking “more than 60 days” and  
24 all that follows through “section 221” and

1 inserting “on or after the date of such cer-  
2 tification”; and

3 (ii) in paragraph (1)(C), by inserting  
4 “or 223A(b)(2)(F), as the case may be”  
5 after “223(d)”; and

6 (B) in subsection (b)—

7 (i) by striking paragraph (2);

8 (ii) by striking “(1)”;

9 (iii) by redesignating subparagraphs  
10 (A) and (B) as paragraph (1) and (2), re-  
11 spectively;

12 (iv) by redesignating clauses (i) and  
13 (ii) as subparagraphs (A) and (B), respec-  
14 tively; and

15 (v) by redesignating subclauses (I)  
16 and (II) as clauses (i) and (ii), respec-  
17 tively.

18 **SEC. 112. NOTIFICATIONS REGARDING AFFIRMATIVE DE-**  
19 **TERMINATIONS AND SAFEGUARDS.**

20 (a) IN GENERAL.—Section 224 of the Trade Act of  
21 1974 (19 U.S.C. 2274) is amended—

22 (1) in the heading, by striking “**STUDY BY**  
23 **SECRETARY OF LABOR WHEN INTERNATIONAL**  
24 **TRADE COMMISSION BEGINS INVESTIGATION**”  
25 and inserting “**STUDY AND NOTIFICATIONS RE-**

1       **GARDING AFFIRMATIVE DETERMINATIONS AND**  
2       **SAFEGUARDS”;**

3           (2) in subsection (a), by striking “Whenever”  
4       and inserting “STUDY OF DOMESTIC INDUSTRY.—  
5       Whenever”;

6           (3) in subsection (b), by striking “The report”  
7       and inserting “REPORT BY THE SECRETARY.—The  
8       report”; and

9           (4) by adding at the end the following:

10       “(c) NOTIFICATIONS REGARDING AFFIRMATIVE  
11       SAFEGUARD DETERMINATIONS UNDER SECTION 202.—  
12       Upon issuing an affirmative finding regarding serious in-  
13       jury, or the threat thereof, to a domestic industry, under  
14       section 202, the Commission shall notify the Secretary and  
15       the Secretary of Commerce of that finding and the identity  
16       of the firms which comprise the domestic industry.

17       “(d) NOTIFICATIONS REGARDING AFFIRMATIVE DE-  
18       TERMINATIONS UNDER SECTION 421.—Upon issuing an  
19       affirmative determination of market disruption, or the  
20       threat thereof, under section 421, the Commission shall  
21       notify the Secretary and the Secretary of Commerce of  
22       that determination and the identity of the firms which  
23       comprise the domestic industry.

24       “(e) NOTIFICATIONS REGARDING AFFIRMATIVE DE-  
25       TERMINATIONS UNDER TARIFF ACT OF 1930.—Upon

1 issuing a final affirmative determination of injury, or the  
2 threat thereof, under section 705 or section 735 of the  
3 Tariff Act of 1930 (19 U.S.C. 1671d and 1673d), the  
4 Commission shall notify the Secretary and the Secretary  
5 of Commerce of that determination and the identity of the  
6 firms which comprise the affected domestic industry.

7 “(f) NOTIFICATION OF INDUSTRY AND WORKER  
8 REPRESENTATIVES.—Whenever the Commission makes a  
9 notification under subsection (c), (d), or (e)—

10 “(1) the Secretary shall—

11 “(A) notify the firms identified by the  
12 Commission as comprising the domestic indus-  
13 try affected, and any certified or recognized  
14 union or other duly authorized representatives  
15 of the workers in such industry, of the allow-  
16 ances, training, employment services, and other  
17 benefits available under this chapter, and the  
18 procedures under this chapter for filing peti-  
19 tions and applying for benefits; and

20 “(B) provide the necessary assistance to  
21 employers, groups of workers, and certified or  
22 recognized union or other duly authorized rep-  
23 resentatives of such workers to file petitions  
24 under section 221; and

25 “(2) the Secretary of Commerce shall—

1           “(A) notify the firms identified by the  
2           Commission as comprising the domestic indus-  
3           try affected of the benefits under chapter 3 and  
4           the procedures under such chapter for filing pe-  
5           titions and applying for benefits; and

6           “(B) provide the necessary assistance to  
7           firms to file petitions under section 251.”.

8           (b) CLERICAL AMENDMENT.—The table of contents  
9           in section 1 of the Trade Act of 1974 is amended by strik-  
10          ing the item relating to section 224 and inserting the fol-  
11          lowing:

          “Sec. 224. Study and notifications regarding affirmative determinations and  
          safeguards.”.

12   **SEC. 113. NOTIFICATION TO SECRETARY OF COMMERCE.**

13          Section 225 of the Trade Act of 1974 (19 U.S.C.  
14   2275) is amended by adding at the end the following:

15          “(c) Upon issuing a certification under section 223  
16   or 223A, the Secretary shall notify the Secretary of Com-  
17   merce of the identify of the firm or firms that are covered  
18   by the certification.”.

19    **Subtitle C—Program Benefits**

20   **SEC. 121. QUALIFYING REQUIREMENTS FOR WORKERS.**

21          (a) IN GENERAL.—Subsection (a) of section 231 of  
22   the Trade Act of 1974 (19 U.S.C. 2291) is amended—

23               (1) in paragraph (1)(B), by inserting “or  
24   223A” after “223”; and



1 (2) in paragraph (5)(A)(ii)—

2 (A) by striking subclauses (I) and (II) and  
3 inserting the following:

4 “(I) in the case of a worker whose  
5 most recent total separation from adversely  
6 affected employment that meets the re-  
7 quirements of paragraphs (1) and (2) oc-  
8 curs after the date on which the Secretary  
9 issues a certification covering the worker,  
10 the last day of the 26th week after such  
11 total separation,

12 “(II) in the case of a worker whose  
13 most recent total separation from adversely  
14 affected employment that meets the re-  
15 quirements of paragraphs (1) and (2) oc-  
16 curs before the date on which the Sec-  
17 retary issues a certification covering the  
18 worker, the last day of the 26th week after  
19 the date of such certification,”; and

20 (B) in subclause (III)—

21 (i) by striking “later of the dates  
22 specified in subclause (I) or (II)” and in-  
23 serting “date specified in subclause (I) or  
24 (II), as the case may be”; and

25 (ii) by striking “or” at the end;

1 (C) by redesignating subclause (IV) as  
2 subclause (V); and

3 (D) by inserting after subclause (III) the  
4 following: .

5 “(IV) the last day of a period as the  
6 Secretary determines appropriate if the  
7 failure to enroll is due to the failure to  
8 provide the worker with timely information  
9 regarding the date specified in subclause  
10 (I) or (II), as the case may be, or”.

11 (b) WAIVERS OF TRAINING REQUIREMENTS.—Sub-  
12 section (c) of such section is amended—

13 (1) in paragraph (1), by adding at the end the  
14 following new subparagraph:

15 “(G) ADVANCED DEGREE OR CERTIFI-  
16 CATION.—The worker possesses a postgraduate  
17 degree from an institution of higher education  
18 (as defined in section 101(a) of the Higher  
19 Education Act of 1965) or equivalent foreign  
20 institution, or has received an equivalent post-  
21 graduate certification in a specialized field, and  
22 there is a reasonable expectation of employment  
23 at equivalent wages in the foreseeable future.”;  
24 and

25 (2) in paragraph (3)—

1 (A) in subparagraph (A), by striking “may  
2 authorize” and inserting “shall authorize”;

3 (B) by redesignating subparagraph (B) as  
4 subparagraph (C); and

5 (C) by inserting after subparagraph (A)  
6 the following:

7 “(B) DURATION OF WAIVERS.—A waiver  
8 issued under paragraph (1) by the State shall  
9 be effective for not more than 3 months after  
10 the date on which the waiver is issued, except  
11 that the State, upon reviewing the waiver, may  
12 extend the waiver for an additional period of  
13 not more than 3 months if the State determines  
14 that it should be maintained.”.

15 (c) DETERMINATIONS OF ELIGIBILITY BY STATE EM-  
16 PLOYEES APPOINTED ON MERIT BASIS.—Such section is  
17 further amended by adding at the end the following new  
18 subsection:

19 “(d) DETERMINATIONS OF ELIGIBILITY BY STATE  
20 EMPLOYEES APPOINTED ON MERIT BASIS.—All deter-  
21 minations of eligibility for trade readjustment allowances  
22 under this part shall be made by employees of the State  
23 who are appointed on a merit basis.”.

24 (d) CONFORMING AMENDMENT.—Section 233 of the  
25 Trade Act of 1974 (19 U.S.C. 2293) is amended by strik-

1 ing subsection (b) and redesignating subsections (c)  
2 through (g) as subsections (b) through (f), respectively.

3 **SEC. 122. WEEKLY AMOUNTS.**

4 (a) IN GENERAL.—Section 232 of the Trade Act of  
5 1974 (19 U.S.C. 2292) is amended—

6 (1) in subsection (a)—

7 (A) by striking “subsections (b) and (c)”  
8 and inserting “subsections (b), (c), and (d)”;

9 (B) by striking “total unemployment” the  
10 first place it appears and inserting “unemploy-  
11 ment”; and

12 (C) in paragraph (2), by adding at the end  
13 before the period the following: “, except that  
14 in the case of an adversely affected worker who  
15 is participating in full-time training under this  
16 chapter, such income shall not include earnings  
17 from work for such week that are equal to or  
18 less than the most recent weekly benefit amount  
19 of the unemployment insurance payable to the  
20 worker for a week of total unemployment pre-  
21 ceding the worker’s first exhaustion of unem-  
22 ployment insurance (as determined for purposes  
23 of section 231(a)(3)(B))”;

24 (2) by redesignating subsections (b) and (c) as  
25 subsections (c) and (d), respectively;

1           (3) by inserting after subsection (a) the fol-  
2       lowing:

3       “(b)(1) If an adversely affected worker qualifies for  
4       unemployment insurance under State law, based in whole  
5       or in part upon part-time or short-term employment fol-  
6       lowing approval of the initial trade readjustment allowance  
7       application under section 231(a), then for any week of un-  
8       employment insurance eligibility for total unemployment  
9       for which the worker would otherwise be entitled to a trade  
10      adjustment allowance based upon the certification under  
11      section 223, the worker shall be paid a supplemental trade  
12      readjustment allowance in the amount described in para-  
13      graph (2).

14      “(2) The trade readjustment allowance payable under  
15      paragraph (1) shall be equal to the difference, if any, be-  
16      tween—

17           “(A) the amount of the first trade readjustment  
18      allowance payment made to such worker as deter-  
19      mined under subsection (a); and

20           “(B) the amount of the unemployment insur-  
21      ance benefit that such worker receives for any week  
22      of unemployment that meets the conditions set forth  
23      in paragraph (1).”.

24      (b) CONFORMING AMENDMENTS.—Section 233 of the  
25      Trade Act of 1974 (19 U.S.C. 2293) is amended—

1 (1) in subsection (a)(1), by striking “section  
2 232(a)” and inserting “subsections (a) and (b) of  
3 section 232”; and

4 (2) in subsection (c), by striking “section  
5 232(b)” and inserting “section 232(c)”.

6 **SEC. 123. LIMITATIONS ON TRADE READJUSTMENT ALLOW-**  
7 **ANCES; ALLOWANCES FOR EXTENDED TRAIN-**  
8 **ING AND BREAKS IN TRAINING.**

9 Section 233(a) of the Trade Act of 1974 (19 U.S.C.  
10 2293(a)) is amended—

11 (1) in paragraph (2), by inserting “under para-  
12 graph (1)” after “trade readjustment allowance”;

13 (2) in paragraph (3)—

14 (A) in the matter preceding subparagraph

15 (A)—

16 (i) by striking “52 additional weeks”

17 and inserting “78 additional weeks”; and

18 (ii) by striking “52-week” and insert-

19 ing “91-week”; and

20 (B) in the matter following subparagraph

21 (B), by striking “52-week” and inserting “91-

22 week”.

1   **SEC. 124. SPECIAL RULES FOR CALCULATION OF ELIGI-**  
2                   **BILITY PERIOD.**

3           Section 233 of the Trade Act of 1974 (19 U.S.C.  
4   2293) is amended by adding at the end the following:

5           “(g) SPECIAL RULE FOR CALCULATING SEPARA-  
6   TION.—Notwithstanding any other provision of this chap-  
7   ter, any period during which a judicial or administrative  
8   appeal is pending with respect to the denial by the Sec-  
9   retary of a petition under section 223 shall not be counted  
10   for purposes of calculating the period of separation under  
11   subsection (a)(2) or for purposes of calculating time peri-  
12   ods specified in section 231(a)(5)(A) and an adversely af-  
13   fected worker that would otherwise be entitled to a trade  
14   readjustment allowance shall not be denied such allowance  
15   because of such appeal.

16          “(h) SPECIAL RULE FOR JUSTIFIABLE CAUSE.—The  
17   Secretary may extend the periods during which trade read-  
18   justment allowances are payable to an adversely affected  
19   worker under paragraphs (2) and (3) of subsection (a) and  
20   under subsection (f) (but not the maximum amounts of  
21   such allowances that are payable under this section), if  
22   the Secretary determines that there is justifiable cause for  
23   such an extension, such as the failure to provide the work-  
24   er with timely information, delays in certification due to  
25   administrative reconsideration or judicial review, or justifi-

1 able breaks in training that exceed the period allowable  
2 under subsection (e).”.

3 **SEC. 125. APPLICATION OF STATE LAWS AND REGULATIONS**  
4 **ON GOOD CAUSE FOR WAIVER OF TIME LIM-**  
5 **ITS OR LATE FILING OF CLAIMS.**

6 Section 234 of the Trade Act of 1974 (19 U.S.C.  
7 2294) is amended—

8 (1) by striking “Except where inconsistent” and  
9 inserting “(a) IN GENERAL.—Except where incon-  
10 sistent”; and

11 (2) by adding at the end the following new sub-  
12 section:

13 “(b) STATE LAWS AND REGULATIONS ON GOOD  
14 CAUSE FOR WAIVER OF TIME LIMITS OR LATE FILING  
15 OF CLAIMS.—Any law or regulation of a cooperating State  
16 under section 239 that allows for a waiver for good cause  
17 of any time limit, including a waiver for good cause to  
18 allow the late filing of any claim, for trade readjustment  
19 allowances or other adjustment assistance under this  
20 chapter shall, in the administration of the program by the  
21 State under this chapter, apply to the applicable time limi-  
22 tation referred to or specified in this chapter or any regu-  
23 lation prescribed to carry out this chapter.”.



1 **SEC. 126. EMPLOYMENT AND CASE MANAGEMENT SERV-**  
2 **ICES.**

3 Section 235 of the Trade Act of 1974 (19 U.S.C.  
4 2295) is amended to read as follows:

5 **“SEC. 235. EMPLOYMENT AND CASE MANAGEMENT SERV-**  
6 **ICES.**

7 “The Secretary shall provide, directly or through  
8 agreements with States under section 239, to adversely  
9 affected workers covered by a certification under sub-  
10 chapter A of this chapter the following employment serv-  
11 ices:

12 “(1) Comprehensive and specialized assessment  
13 of skill levels and service needs, including through—

14 “(A) diagnostic testing and use of other  
15 assessment tools; and

16 “(B) in-depth interviewing and evaluation  
17 to identify employment barriers and appropriate  
18 employment goals.

19 “(2) Development of an individual employment  
20 plan to identify employment goals and objectives,  
21 and appropriate training to achieve such goals and  
22 objectives.

23 “(3) Information on training available in local  
24 and regional areas, information on individual coun-  
25 seling to determine which training is suitable train-

1       ing, and information on how to apply for such train-  
2       ing.

3           “(4) Short-term prevocational services, includ-  
4       ing development of learning skills, communications  
5       skills, interviewing skills, punctuality, personal main-  
6       tenance skills, and professional conduct to prepare  
7       individuals for employment or training.

8           “(5) Individual career counseling, including job  
9       search and placement counseling, during program  
10      participation, training, and after-job placement.

11          “(6) Provision of employment statistics infor-  
12      mation, including the provision of accurate informa-  
13      tion relating to local, regional, and national labor  
14      market areas, including—

15           “(A) job vacancy listings in such labor  
16      market areas;

17           “(B) information on jobs skills necessary  
18      to obtain jobs identified in job vacancy listings  
19      described in subparagraph (A);

20           “(C) information relating to local occupa-  
21      tions that are in demand and earnings potential  
22      of such occupations; and

23           “(D) skills requirements for local occupa-  
24      tions described in subparagraph (C).”.

1 **SEC. 127. TRAINING.**

2 (a) IN GENERAL.—Section 236(a)(1) of the Trade  
3 Act of 1974 (19 U.S.C. 2296(a)(1)) is amended by strik-  
4 ing the last sentence.

5 (b) FUNDING.—Section 236(a)(2) of the Trade Act  
6 of 1974 (19 U.S.C. 2296(a)(2)) is amended—

7 (1) in subparagraph (A), to read as follows:

8 “(A) The total amount of payments that may  
9 be made under paragraph (1) for each of the fiscal  
10 years 2008 and 2009 shall not exceed \$440,000,000.  
11 The total amount of payments that may be made  
12 under paragraph (1) for fiscal year 2010 and each  
13 subsequent fiscal year shall not exceed  
14 \$660,000,000.”; and

15 (2) by striking subparagraph (B) and inserting  
16 the following:

17 “(B) Not later than 120 days after the date of  
18 the enactment of the Trade Adjustment Assistance  
19 Improvement Act, the Secretary shall establish and  
20 implement procedures for the allocation among the  
21 States in each fiscal year of funds available to pay  
22 the costs of training for workers under this section.  
23 The Secretary shall consult with the Committee on  
24 Ways and Means of the House of Representatives  
25 and the Committee on Finance of the Senate not

1 less than 60 days prior to implementation of the  
2 procedures described in this subparagraph.

3 “(C) In establishing and implementing the pro-  
4 cedures under subparagraph (B), the Secretary  
5 shall—

6 “(i) consider using a broad range of fac-  
7 tors for the allocation of training funds distrib-  
8 uted to States for each fiscal year, including  
9 factors such as—

10 “(I) the number of workers certified  
11 under section 223 and 223A in the pre-  
12 ceding fiscal year;

13 “(II) the total number of workers cer-  
14 tified under section 223 and 223A that are  
15 enrolled in training approved under this  
16 section;

17 “(III) the minimum level of funding  
18 necessary to provide training approved  
19 under this section; and

20 “(IV) notifications under the Worker  
21 Adjustment and Retraining Notification  
22 Act or other layoff notifications;

23 “(ii) after the initial distribution of train-  
24 ing funds to States at the beginning of each fis-  
25 cal year, allow subsequent distributions of any

1 training funds remaining, based on the factors  
2 described in clause (i), if—

3 “(I) a State requests the distribution  
4 of the remaining funds; and

5 “(II) the State has—

6 “(aa) expended more than 50  
7 percent of the funds distributed to the  
8 State at the beginning of the fiscal  
9 year; or

10 “(bb) obligated more than 75  
11 percent of such funds;

12 “(iii) ensure that any final distribution of  
13 funds during a fiscal year is made not later  
14 than July 1 of that fiscal year; and

15 “(iv) develop an explicit policy for re-cap-  
16 ture and redistribution of training funds, to the  
17 extent such re-capture and redistribution of  
18 training funds is necessary.”.

19 (c) DETERMINATIONS REGARDING TRAINING.—Sec-  
20 tion 236(a)(9) of the Trade Act of 1974 (19 U.S.C.  
21 2296(a)(9)) is amended—

22 (1) by striking “The Secretary” and inserting  
23 “(A) Subject to subparagraph (B), the Secretary”;  
24 and

25 (2) by adding at the end the following:

1       “(B)(i) In determining under paragraph (1)(E)  
2 whether a worker is qualified to undertake and complete  
3 training, the Secretary may not disallow training for a pe-  
4 riod longer than the worker’s period of eligibility for trade  
5 readjustment allowances under part I if the worker dem-  
6 onstrates that the worker has sufficient financial resources  
7 to complete the training after the expiration of the work-  
8 er’s period of eligibility for such trade readjustment allow-  
9 ances.

10       “(ii) In determining the reasonable cost of training  
11 under paragraph (1)(F) with respect to a worker, the Sec-  
12 retary may consider whether other public or private funds  
13 are reasonably available to the worker, except that the  
14 Secretary may not require a worker to obtain such funds  
15 as a condition of approval of training under paragraph  
16 (1).”.

17       (d) DETERMINATIONS OF ELIGIBILITY BY STATE  
18 EMPLOYEES APPOINTED ON MERIT BASIS.—Section 236  
19 of the Trade Act of 1974 (19 U.S.C.2296) is amended—

20               (1) by redesignating subsections (e) and (f) as  
21 subsection (f) and (g), respectively; and

22               (2) by inserting after subsection (d) the fol-  
23 lowing:

24       “(e) DETERMINATIONS OF ELIGIBILITY BY STATE  
25 EMPLOYEES APPOINTED ON MERIT BASIS.—All deter-

1 minations of eligibility for training under this section shall  
2 be made by employees of the State who are appointed on  
3 a merit basis.”.

4 (e) GAO STUDY AND REPORT.—

5 (1) STUDY.—The Comptroller General of the  
6 United States shall conduct a study of the proce-  
7 dures for the allocation of training funds for workers  
8 under subparagraphs (B) and (C) of section  
9 236(a)(2) of the Trade Act of 1974 (19 U.S.C.  
10 2296), as added by subsection (a), that are estab-  
11 lished and implemented by the Secretary of Labor  
12 pursuant to such section. In carrying out the study,  
13 the Comptroller General of the United States shall  
14 examine the overall adequacy of funding for training  
15 for workers by State and the effectiveness of the  
16 procedures for allocating training funds between  
17 States and among workers.

18 (2) REPORTS.—

19 (A) INTERIM REPORT.—The Comptroller  
20 General of the United States shall submit to  
21 the Committee on Ways and Means of the  
22 House of Representatives and the Committee  
23 on Finance of the Senate an interim report that  
24 contains the results of the study conducted  
25 under paragraph (1) for the first fiscal year

1 with respect to which the procedures described  
2 in paragraph (1) are implemented.

3 (B) FINAL REPORT.—The Comptroller  
4 General of the United States shall submit to  
5 the Committee on Ways and Means of the  
6 House of Representatives and the Committee  
7 on Finance of the Senate a final report that  
8 contains the results of the study conducted  
9 under paragraph (1) for the first three fiscal  
10 years with respect to which the procedures de-  
11 scribed in paragraph (1) are implemented.

12 **SEC. 128. PREREQUISITE EDUCATION; APPROVED TRAIN-**  
13 **ING PROGRAMS.**

14 (a) IN GENERAL.—Section 236(a)(5) of the Trade  
15 Act of 1974 (19 U.S.C. 2296(a)(5)) is amended—

16 (1) by redesignating subparagraphs (E) and  
17 (F) as subparagraphs (F) and (G), respectively;

18 (2) by inserting after subparagraph (D) the fol-  
19 lowing:

20 “(E) any program of prerequisite education or  
21 coursework required to enroll in training that may  
22 be approved under this section,”;

23 (3) in subparagraph (F)(ii), as redesignated by  
24 paragraph (1), by striking “and” at the end;



1 (4) in subparagraph (G), as redesignated by  
2 paragraph (1), by striking the period at the end and  
3 inserting “, and”; and

4 (5) by adding at the end the following:

5 “(H) any training program or coursework at an  
6 accredited institution of higher education (as defined  
7 in section 101(a) of the Higher Education Act of  
8 1965), including a training program or coursework  
9 for the purpose of—

10 “(i) obtaining a degree or certification; or

11 “(ii) completing a degree or certification  
12 that the worker had previously begun at an ac-  
13 credited institution of higher education.

14 The Secretary may not limit approval of a training pro-  
15 gram under paragraph (1) to a program provided pursu-  
16 ant to title I of the Workforce Investment Act of 1998.”.

17 (b) CONFORMING AMENDMENTS.—Section 233 of the  
18 Trade Act of 1974 (19 U.S.C. 2293) is amended—

19 (1) in subsection (a)(2), by inserting “pre-  
20 requisite education or” after “requires a program  
21 of”; and

22 (2) in subsection (g), by inserting “prerequisite  
23 education or” after “includes a program of”.

1   **SEC. 129. ELIGIBILITY FOR UNEMPLOYMENT INSURANCE**  
2                   **WHILE IN TRAINING.**

3           (a) IN GENERAL.—Section 236(d) of the Trade Act  
4 of 1974 (19 U.S.C. 2296(d)) is amended to read as fol-  
5 lows:

6           “(d) ELIGIBILITY.—A worker may not be determined  
7 to be ineligible or disqualified for unemployment insurance  
8 or program benefits under this subchapter—

9                   “(1) because the worker—

10                          “(A) is in training approved under sub-  
11 section (a);

12                          “(B) left work that was not suitable em-  
13 ployment to enter such training;

14                          “(C) left work that the worker engaged in  
15 on a temporary basis during a break in such  
16 training or a delay in the commencement of  
17 such training;

18                          “(D) left or refused on-the-job training  
19 that was not suitable on-the-job training; or

20                          “(E) refused on-the-job training to attend  
21 a classroom training course approved under  
22 subsection (a); or

23                   “(2) because the provisions of State law or Fed-  
24 eral unemployment insurance law relating to avail-  
25 ability for work, active search for work, or refusal to

1 accept work apply to a week of training approved  
2 under subsection (a).”.

3 (b) DEFINITION.—Subchapter B of chapter 2 of title  
4 II of the Trade Act of 1974 (19 U.S.C. 2291 et seq.) is  
5 amended—

6 (1) in section 233(e), by inserting “suitable”  
7 before “on-the-job training”; and

8 (2) in section 236—

9 (A) by inserting “suitable” before “on-the-  
10 job training” each place it appears; and

11 (B) by adding at the end the following:

12 “(h) SUITABLE ON-THE-JOB TRAINING.—For pur-  
13 poses of this section, the term ‘suitable on-the-job train-  
14 ing’ means on-the-job training—

15 “(1) that can reasonably be expected to lead to  
16 suitable employment;

17 “(2) that is compatible with the skills of the  
18 worker;

19 “(3) that—

20 “(A) involves a curriculum through which  
21 the worker learns the skills necessary for the  
22 job for which the worker is being trained; and

23 “(B) can be measured by benchmarks that  
24 indicate that the worker is learning such skills;  
25 and

1 “(4) that is certified by the State as an on-the-  
2 job training program that meets the requirements of  
3 paragraph (3).”.

4 **SEC. 130. ADMINISTRATIVE EXPENSES AND EMPLOYMENT**  
5 **SERVICES.**

6 (a) IN GENERAL.—Part II of subchapter B of chap-  
7 ter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2295  
8 et seq.) is amended by inserting after section 236 the fol-  
9 lowing new section:

10 **“SEC. 236A. ADDITIONAL PAYMENTS FOR ADMINISTRATIVE**  
11 **EXPENSES AND EMPLOYMENT SERVICES.**

12 “(a) ADMINISTRATIVE EXPENSES.—

13 “(1) IN GENERAL.—The Secretary shall provide  
14 to each State that receives a payment under section  
15 236 for a fiscal year an additional payment for such  
16 fiscal year in an amount that is not less than 15  
17 percent of the amount of the payment under section  
18 236.

19 “(2) USE OF FUNDS.—A State that receives an  
20 additional payment under paragraph (1) shall use  
21 the payment for administration of the trade adjust-  
22 ment assistance for workers program under this  
23 chapter, including for—

24 “(A) processing of waivers of training re-  
25 quirements under section 231;

1 “(B) collecting of data required under this  
2 chapter; and

3 “(C) providing services under section 235.

4 “(3) ADMINISTRATION REQUIREMENT.—Funds  
5 provided to a State under this subsection for a fiscal  
6 year that are in excess of the amount of funds pro-  
7 vided to the State for administration of the trade  
8 adjustment assistance for workers program under  
9 this chapter for fiscal year 2007 may only be admin-  
10 istered by employees of the State who are appointed  
11 on a merit basis.

12 “(b) ADDITIONAL FUNDING FOR EMPLOYMENT AND  
13 CASE MANAGEMENT SERVICES.—

14 “(1) IN GENERAL.—The Secretary shall provide  
15 to each State that receives a payment under section  
16 236 for a fiscal year an additional payment for such  
17 fiscal year in an amount that is not less than .06  
18 percent of the total amount of payments that may  
19 be made in that fiscal year as described in section  
20 236(a)(2).

21 “(2) USE OF FUNDS.—A State that receives an  
22 additional payment under paragraph (1) shall use  
23 the payment for providing services under section  
24 235.

“(3) ADMINISTRATION REQUIREMENT.—Funds provided to a State under this subsection may only be administered by employees of the State who are appointed on a merit basis.

“(4) RULE OF CONSTRUCTION.—The additional payment provided to a State under this subsection shall be in addition to payments that the State receives under any other provision of law, including under the Workforce Investment Act of 1998, and shall not be construed to reduce amounts allocated to the State under any other provision of law, including under the Workforce Investment Act of 1998.

14           “(c) FUNDING.—Funds provided to the States under  
15   this section shall not be counted toward the limitation con-  
16   tained in section 236(a)(2)(A).”.

(b) CLERICAL AMENDMENT.—The table of contents in section 1 of the Trade Act of 1974 is amended by inserting after the item relating to section 236 the following new item:

“Sec. 236A. Additional payments for administrative expenses and case employment and case management services.”.

21 SEC. 131. JOB SEARCH AND RELOCATION ALLOWANCES.

(a) JOB SEARCH ALLOWANCES.—Section 237(b) of the Trade Act of 1974 (19 U.S.C. 2297(b)) is amended—

1 (1) in paragraph (1), by striking “90 percent of  
2 the cost of” and inserting “all”; and

3 (2) in paragraph (2), by striking “\$1,250” and  
4 inserting “\$1,500”.

5 (b) RELOCATION ALLOWANCES.—Section 238(b) of  
6 the Trade Act of 1974 (19 U.S.C. 2298(b)) is amended—

7 (1) in paragraph (1), by striking “90 percent of  
8 the” and inserting “all”; and

9 (2) in paragraph (2), by striking “\$1,250” and  
10 inserting “\$1,500”.

## 11 **Subtitle D—Health Care Provisions**

### 12 **SEC. 141. MODIFICATIONS RELATING HEALTH INSURANCE**

#### 13 **ASSISTANCE FOR CERTAIN TAA AND PBGC**

#### 14 **PENSION RECIPIENTS.**

15 (a) INCREASE IN CREDIT PERCENTAGE AMOUNT.—

16 (1) IN GENERAL.—Subsection (a) of section 35  
17 of the Internal Revenue Code of 1986 is amended by  
18 striking “65 percent” and inserting “85 percent”.

19 (2) CONFORMING AMENDMENT.—Subsection (b)  
20 of section 7527 of such Code is amended by striking  
21 “65 percent” and inserting “85 percent”.

22 (b) TAA RECIPIENTS RECEIVING UNEMPLOYMENT  
23 COMPENSATION AND NOT ENROLLED IN TRAINING PRO-  
24 GRAM ELIGIBLE FOR CREDIT.—Paragraph (2) of section  
25 35(c) of such Code is amended to read as follows:

1           “(2) ELIGIBLE TAA RECIPIENT.—The term ‘eli-  
2           gible TAA recipient’ means, with respect to any  
3           month, any individual who—

4                   “(A) is receiving for any day of such  
5                   month a trade readjustment allowance under  
6                   chapter 2 of title II of the Trade Act of 1974,

7                   “(B) who would be eligible to receive such  
8                   allowance for such month if section 231 of such  
9                   Act were applied without regard to subsection  
10                  (a)(3)(B) of such section, or

11                  “(C) who is receiving unemployment com-  
12                  pensation (as defined in section 85) for such  
13                  month and who would be eligible to receive such  
14                  allowance for such month if section 231 of such  
15                  Act were applied without regard to subsection  
16                  (a)(5) of such section.

17           An individual shall continue to be treated as an eli-  
18           gible TAA recipient during the first month that such  
19           individual would otherwise cease to be an eligible  
20           TAA recipient by reason of the preceding sentence.”.

21           (c) ADVANCE PAYMENT FOR PREMIUMS DUE PRIOR  
22           TO CERTIFICATION OF ELIGIBILITY FOR THE CREDIT.—  
23           Section 7527 of such Code is amended by adding at the  
24           end the following new subsection:



1       “(e) PAYMENT FOR PREMIUMS DUE PRIOR TO  
2 ISSUANCE OF CERTIFICATE.—The program established  
3 under subsection (a) shall provide that the Secretary shall  
4 make 1 or more retroactive payments on behalf of a cer-  
5 tified individual in an aggregate amount equal to 85 per-  
6 cent of the premiums for coverage of the taxpayer and  
7 qualifying family members under qualified health insur-  
8 ance for eligible coverage months (as defined in section  
9 35(b)) occurring prior to the issuance of a qualified health  
10 insurance costs credit eligibility certificate.”.

11       (d) CONTINUED QUALIFICATION OF FAMILY MEM-  
12 BERS AFTER CERTAIN EVENTS.—

13           (1) IN GENERAL.—Subsection (g) of section 35  
14 of such Code is amended by redesignating paragraph  
15 (9) as paragraph (10) and inserting after paragraph  
16 (8) the following new paragraph:

17           “(9) CONTINUED QUALIFICATION OF FAMILY  
18 MEMBERS AFTER CERTAIN EVENTS.—In the case of  
19 a month which would be an eligible coverage month  
20 with respect to a qualifying family member of an eli-  
21 gible individual but for a qualifying event described  
22 in subparagraph (A), (C), or (D) of section  
23 4980B(f)(3), such month shall be treated as an eli-  
24 gible coverage month with respect to such family  
25 member for the period of months described in sec-

1       tion 4980B(f)(2)(B) with respect to such qualifying  
2       event.”.

3           (2) CONFORMING AMENDMENT.—Section 173(f)  
4       of the Workforce Investment Act of 1998 (29 U.S.C.  
5       2918(f)) is amended by adding at the end the fol-  
6       lowing:

7           “(8) CONTINUED QUALIFICATION OF FAMILY  
8       MEMBERS AFTER CERTAIN EVENTS.—In the case of  
9       a month which would be an eligible coverage month  
10      with respect to a qualifying family member of an eli-  
11      gible individual but for a qualifying event described  
12      in subparagraph (A), (C), or (D) of section  
13      4980B(f)(3), such month shall be treated as an eli-  
14      gible coverage month with respect to such family  
15      member for the period of months described in sec-  
16      tion 4980B(f)(2)(B) with respect to such qualifying  
17      event.”.

18      (e) MODIFICATION OF CREDITABLE COVERAGE RE-  
19      QUIREMENT.—

20           (1) IN GENERAL.—Subparagraph (B) of section  
21      35(e)(2) of such Code is amended to read as follows:

22           “(B) QUALIFYING INDIVIDUAL.—For pur-  
23      poses of this paragraph, the term ‘qualifying in-  
24      dividual’ means an eligible individual and the  
25      qualifying family members of such individual if

1           such individual meets the requirements of  
2           clauses (iii) and (iv) of subsection (b)(1)(A)  
3           and—

4                   “(i) in the case of an eligible TAA re-  
5                   cipient, an eligible alternative TAA recipi-  
6                   ent, or an individual who is an eligible in-  
7                   dividual by reason of subsection (c)(5), has  
8                   (as of the date on which the individual  
9                   seeks to enroll in the coverage described in  
10                  subparagraphs (B) through (H) of para-  
11                  graph (1)) a period of creditable coverage  
12                  (as defined in section 9801(c)), or

13                   “(ii) in the case of an eligible PBGC  
14                   pension recipient, enrolls in such coverage  
15                   during the 90-day period beginning on the  
16                   later of—

17                           “(I) the last day of the first  
18                           month with respect to which such re-  
19                           cipient becomes an eligible PBGC  
20                           pension recipient, or

21                           “(II) the date of the enactment  
22                           of this subparagraph.”.

23           (2) CONFORMING AMENDMENT.—Clause (ii) of  
24           section 172(f)(2)(B) of the Workforce Investment

1 Act of 1998 (29 U.S.C. 2918(f)(2)(B)) is amended  
2 to read as follows:

3 “(ii) QUALIFYING INDIVIDUAL.—For  
4 purposes of this subparagraph, the term  
5 ‘qualifying individual’ means an eligible in-  
6 dividual and the qualifying family members  
7 of such individual if such individual meets  
8 the requirements of clauses (iii) and (iv) of  
9 section 35(b)(1)(A) of the Internal Rev-  
10 enue Code of 1986 and—

11 “(I) in the case of an eligible  
12 TAA recipient, an eligible alternative  
13 TAA recipient, or an individual who is  
14 an eligible individual by reason of sec-  
15 tion 35(c)(5) of such Code, has (as of  
16 the date on which the individual seeks  
17 to enroll in the coverage described in  
18 clauses (ii) through (viii) of subpara-  
19 graph (A)) a period of creditable cov-  
20 erage (as defined in section 9801(c) of  
21 such Code), or

22 “(II) in the case of an eligible  
23 PBGC pension recipient, enrolls in  
24 such coverage during the 90-day pe-  
25 riod beginning on the later of—

1 “(aa) the last day of the  
2 first month with respect to which  
3 such recipient becomes an eligible  
4 PBGC pension recipient, or  
5 “(bb) the date of the enact-  
6 ment of this clause.”.

7 (3) OUTREACH.—The Secretary of the Treas-  
8 ury shall carry out a program to notify individuals  
9 prior to their becoming eligible PBGC pension re-  
10 cipients (as defined in section 35 of the Internal  
11 Revenue Code of 1986) of the requirement of sub-  
12 section (e)(2)(B)(ii) of such section, as added by this  
13 subsection.

14 (f) TAA PRE-CERTIFICATION PERIOD RULE FOR  
15 PURPOSES OF DETERMINING WHETHER THERE IS A 63-  
16 DAY LAPSE IN CREDITABLE COVERAGE.—

17 (1) IRC AMENDMENT.—Section 9801(c)(2) of  
18 the Internal Revenue Code of 1986 (relating to not  
19 counting periods before significant breaks in cred-  
20 itable coverage) is amended by adding at the end the  
21 following new subparagraph:

22 “(D) TAA-ELIGIBLE INDIVIDUALS.—

23 “(i) TAA PRE-CERTIFICATION PERIOD  
24 RULE.—In the case of a TAA-eligible indi-  
25 vidual, the period beginning on the date

1 the individual has a TAA-related loss of  
2 coverage and ending on the date which is  
3 5 days after the postmark date of the no-  
4 tice by the Secretary (or by any person or  
5 entity designated by the Secretary) that  
6 the individual is eligible for a qualified  
7 health insurance costs credit eligibility cer-  
8 tificate for purposes of section 7527 shall  
9 not be taken into account in determining  
10 the continuous period under subparagraph  
11 (A).

12 “(ii) DEFINITIONS.—The terms ‘TAA-  
13 eligible individual’, and ‘TAA-related loss  
14 of coverage’ have the meanings given such  
15 terms in section 4980B(f)(5)(C)(iv).”.

16 (2) ERISA AMENDMENT.—Section 701(c)(2) of  
17 the Employee Retirement Income Security Act of  
18 1974 (29 U.S.C. 1181(c)(2)) is amended by adding  
19 at the end the following new subparagraph:

20 “(C) TAA-ELIGIBLE INDIVIDUALS.—

21 “(i) TAA PRE-CERTIFICATION PERIOD  
22 RULE.—In the case of a TAA-eligible indi-  
23 vidual, the period beginning on the date  
24 the individual has a TAA-related loss of  
25 coverage and ending on the date that is 5

1 days after the postmark date of the notice  
2 by the Secretary (or by any person or enti-  
3 ty designated by the Secretary) that the  
4 individual is eligible for a qualified health  
5 insurance costs credit eligibility certificate  
6 for purposes of section 7527 of the Inter-  
7 nal Revenue Code of 1986 shall not be  
8 taken into account in determining the con-  
9 tinuous period under subparagraph (A).

10 “(ii) DEFINITIONS.—The terms ‘TAA-  
11 eligible individual’, and ‘TAA-related loss  
12 of coverage’ have the meanings given such  
13 terms in section 605(b)(4)(c).”.

14 (3) PHSA AMENDMENT.—Section 2701(c)(2)  
15 of the Public Health Service Act (42 U.S.C.  
16 300gg(c)(2)) is amended by adding at the end the  
17 following new subparagraph:

18 “(C) TAA-ELIGIBLE INDIVIDUALS.—

19 “(i) TAA PRE-CERTIFICATION PERIOD  
20 RULE.—In the case of a TAA-eligible indi-  
21 vidual, the period beginning on the date  
22 the individual has a TAA-related loss of  
23 coverage and ending on the date that is 5  
24 days after the postmark date of the notice  
25 by the Secretary (or by any person or enti-

ty designated by the Secretary) that the individual is eligible for a qualified health insurance costs credit eligibility certificate for purposes of section 7527 of the Internal Revenue Code of 1986 shall not be taken into account in determining the continuous period under subparagraph (A).

“(ii) DEFINITIONS.—The terms ‘TAA-eligible individual’, and ‘TAA-related loss of coverage’ have the meanings given such terms in section 2205(b)(4)(c).”.

(g) RATING SYSTEM REQUIREMENT FOR CERTAIN STATE-BASED COVERAGE.—

(1) IN GENERAL.—Subparagraph (A) of section 35(e)(2) of such Code is amended by adding at the end the following new clause:

“(v) RATING SYSTEM REQUIREMENT.—In the case of coverage described in paragraph (1)(F)(ii), the premiums for such coverage are restricted based on a community rating system or based on a rate-band system under which the maximum rate which may be charged does not exceed 150 percent of the standard rate. In the case of coverage offered in a State



1 with a rating system which applies to small  
2 employers, the requirement of the pre-  
3 ceding sentence shall not be treated as met  
4 unless such premiums are restricted based  
5 on such rating system.”.

6 (2) CONFORMING AMENDMENT.—Clause (i) of  
7 section 173(f)(2)(B) of the Workforce Investment  
8 Act of 1998 (29 U.S.C. 2918(f)(2)(B)) is amended  
9 by adding at the end the following new subclause:

10 “(V) RATING SYSTEM REQUIRE-  
11 MENT.—In the case of coverage de-  
12 scribed in subparagraph (A)(vi)(II),  
13 the premiums for such coverage are  
14 restricted based on a community rat-  
15 ing system or based on a rate-band  
16 system under which the maximum  
17 rate which may be charged does not  
18 exceed 150 percent of the standard  
19 rate. In the case of coverage offered  
20 in a State with a rating system which  
21 applies to small employers, the re-  
22 quirement of the preceding sentence  
23 shall not be treated as met unless  
24 such premiums are restricted based on  
25 such rating system.”.

1 (h) TERMINATION OF PROGRAM.—

2 (1) IN GENERAL.—Section 35 of such Code is  
3 amended by adding at the end the following new  
4 subsection:

5 “(h) TERMINATION.—An individual shall not be  
6 treated as an eligible individual for purposes of this section  
7 or section 7527 for any month beginning after December  
8 31, 2009, unless such individual was an eligible individual  
9 for a continuous period of months ending with such month  
10 and beginning before such date.”.

11 (2) CONFORMING AMENDMENT.—Subsection (f)  
12 of section 173 of the Workforce Investment Act of  
13 1998 (29 U.S.C. 2918) is amended by adding at the  
14 end the following new paragraph:

15 “(8) TERMINATION.—An individual shall not be  
16 treated as an eligible individual for purposes of this  
17 subsection for any month beginning after December  
18 31, 2009, unless such individual was an eligible indi-  
19 vidual for a continuous period of months ending with  
20 such month and beginning before such date.”.

21 (i) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to months beginning after the date  
23 of the enactment of this Act, in taxable years ending after  
24 such date.

(j) GAO STUDY.—The Comptroller General of the United States shall conduct a study (and shall submit a report to Congress on the results of such study) regarding the health insurance tax credit allowed under section 35 of the Internal Revenue Code of 1986. Such study shall include an analysis of—

(1) the administrative costs of carrying out such credit, and the advance payment of such credit under section 7527 of such Code, for the Federal Government, for taxpayers receiving such credit or payments, and for the providers of qualified health insurance (as defined in section 35 of such Code), and

(2) the health, and relative risk, status of the population of eligible individuals and qualifying family members covered under such insurance.

## **Subtitle E—Wage Insurance**

### **SEC. 151. REEMPLOYMENT TRADE ADJUSTMENT ASSISTANCE PROGRAM FOR OLDER WORKERS.**

(a) IN GENERAL.—Section 246 of the Trade Act of 1974 (19 U.S.C. 2318) is amended—

(1) by amending the heading to read as follows:

“**REEMPLOYMENT TRADE ADJUSTMENT ASSISTANCE**”;

(2) in subsection (a)—

1 (A) in paragraph (1), by striking “alter-  
2 native” and inserting “reemployment”;

3 (B) in paragraph (2)(A), by striking “for  
4 a period not to exceed 2 years” and inserting  
5 “for the eligibility period under paragraph  
6 (3)(C)”;

7 (C) by striking paragraphs (3) through (5)  
8 and inserting the following:

9 “(3) ELIGIBILITY.—

10 “(A) IN GENERAL.—A group of workers  
11 certified under subchapter A as eligible for ad-  
12 justment assistance under subchapter A is eligi-  
13 ble for benefits described in paragraph (2)  
14 under the program established under paragraph  
15 (1).

16 “(B) INDIVIDUAL ELIGIBILITY.—A worker  
17 in a group of workers described in subpara-  
18 graph (A) may elect to receive benefits de-  
19 scribed in paragraph (2) under the program es-  
20 tablished under paragraph (1) if the worker—

21 “(i) is at least 50 years of age;

22 “(ii) earns not more than \$60,000  
23 each year in wages from reemployment;

1           “(iii)(I) is employed on a full-time  
2           basis as defined by State law in the State  
3           in which the worker is employed; or

4           “(II) is employed at least 20 hours  
5           per week and is enrolled in training ap-  
6           proved under section 236; and

7           “(iv) does not return to the employ-  
8           ment from which the worker was sepa-  
9           rated.

10          In the case of a worker described in clause  
11          (iii)(II), the percentage referred to in para-  
12          graph (2)(A) shall be deemed to be a percent-  
13          age equal to  $\frac{1}{2}$  of the ratio of weekly hours of  
14          employment referred to in clause (iii)(II) to  
15          weekly hours of employment of that worker at  
16          the time of separation (but not more than 50  
17          percent).

18          “(C) ELIGIBILITY PERIOD FOR PAY-  
19          MENTS.—A worker in a group of workers de-  
20          scribed in subparagraph (A) may receive pay-  
21          ments described in paragraph (2)(A) under the  
22          program established under paragraph (1) for a  
23          period not to exceed 2 years from the date on  
24          which the worker exhausts all rights to unem-  
25          ployment insurance based on the separation of

1 the worker from adversely affected employment  
2 or the date on which the worker obtains reem-  
3 ployment, whichever is earlier.

4 “(D) TRAINING.—A worker described in  
5 subparagraph (B) shall be eligible to receive  
6 training approved under section 236.

7 “(4) TOTAL AMOUNT OF PAYMENTS.—The pay-  
8 ments described in paragraph (2)(A) made to a  
9 worker may not exceed \$12,000 per worker during  
10 the eligibility period under paragraph (3)(C).

11 “(5) LIMITATION ON OTHER BENEFITS.—A  
12 worker described in paragraph (3) may not receive  
13 a trade readjustment allowance under part I of sub-  
14 chapter B during any week for which the worker re-  
15 ceives a payment described in paragraph (2)(A).”;  
16 and

17 (3) in subsection (b)(2), by striking “subsection  
18 (a)(3)(B)” and inserting “subsection (a)(3)”.

19 (b) EXTENSION OF PROGRAM.—Subsection (b)(1) of  
20 such section is amended by striking “5” and inserting  
21 “10”.

22 (c) CLERICAL AMENDMENT.—The table of contents  
23 in section 1 of the Trade Act of 1974 is amended by strik-  
24 ing the item relating to section 246 and inserting the fol-  
25 lowing:

“Sec. 246. Reemployment trade adjustment assistance program.”.

## 1                   **Subtitle F—Other Matters**

### 2   **SEC. 161. AGREEMENTS WITH STATES.**

3           (a) IN GENERAL.—Subsection (a) of section 239 of  
4 the Trade Act of 1974 (19 U.S.C. 2311) is amended—

5                   (1) by striking “will” each place it appears and  
6                   inserting “shall”; and

7                   (2) in clause (2), to read as follows: “(2) in ac-  
8                   cordance with subsection (f), shall provide adversely  
9                   affected workers covered by a certification under  
10                  subchapter A the employment and case management  
11                  services described in section 235”.

12          (b) OUTREACH.—Subsection (f) of such section is  
13 amended—

14                  (1) in paragraph (3), by striking “and” at the  
15                  end;

16                  (2) by striking paragraph (4) and inserting the  
17                  following new paragraph:

18                         “(4) perform outreach, intake (which may in-  
19                         clude worker profiling) and orientation for assistance  
20                         and benefits available under this chapter for ad-  
21                         versely affected workers covered by a certification  
22                         under subchapter A of this chapter, and”; and

23                  (3) by adding at the end the following new  
24                  paragraph:

1 “(5) provide adversely affected workers covered  
2 by a certification under subchapter A of this chapter  
3 with employment and case management services de-  
4 scribed in section 235.”.

5 **SEC. 162. TECHNICAL AMENDMENTS.**

6 (a) IN GENERAL.—Section 249 of the Trade Act of  
7 1974 (19 U.S.C. 2321) is amended by striking “subpena”  
8 and inserting “subpoena” each place it appears in the  
9 heading and the text.

10 (b) TABLE OF CONTENTS.—The table of contents in  
11 section 1 of the Trade Act of 1974 is amended by striking  
12 “Subpena” in the item relating to section 249 and insert-  
13 ing “Subpoena”.

14 **SEC. 163. OFFICE OF TRADE ADJUSTMENT ASSISTANCE;**  
15 **DEPUTY ASSISTANT SECRETARY FOR TRADE**  
16 **ADJUSTMENT ASSISTANCE.**

17 (a) IN GENERAL.—Subchapter C of chapter 2 of title  
18 II of the Trade Act of 1974 (19 U.S.C. 2311 et seq.) is  
19 amended by adding at the end the following new section:

20 **“SEC. 250. OFFICE OF TRADE ADJUSTMENT ASSISTANCE;**  
21 **DEPUTY ASSISTANT SECRETARY FOR TRADE**  
22 **ADJUSTMENT ASSISTANCE.**

23 “(a) ESTABLISHMENT.—There is established in the  
24 Department of Labor an office to be known as the Office



1 of Trade Adjustment Assistance (hereinafter in this sec-  
2 tion referred to as the ‘Office’).

3 “(b) HEAD OF OFFICE.—The head of the Office shall  
4 be the Deputy Assistant Secretary for Trade Adjustment  
5 Assistance (hereinafter in this section referred to as the  
6 ‘Deputy Assistant Secretary’), who shall be appointed by  
7 the President, by and with the advice and consent of the  
8 Senate.

9 “(c) PRINCIPLE FUNCTIONS.—The principle func-  
10 tions of the Deputy Assistant Secretary shall be—

11 “(1) to oversee and implement the administra-  
12 tion of trade adjustment assistance for workers  
13 under this chapter; and

14 “(2) to carry out functions delegated to the  
15 Secretary of Labor under this chapter, including—

16 “(A) making determinations under section  
17 223 or 223A;

18 “(B) providing information about the pro-  
19 gram and assisting groups of workers and other  
20 parties to prepare petitions or applications for  
21 program benefits under section 225;

22 “(C) ensuring workers covered by a certifi-  
23 cation receive the employment services de-  
24 scribed in section 235;

1 “(D) ensuring States fully comply with  
2 agreements under section 239;

3 “(E) acting as a vigorous advocate for  
4 workers applying for assistance under this  
5 chapter;

6 “(F) receiving complaints, grievances, and  
7 requests for assistance from workers under this  
8 chapter;

9 “(G) establishing and overseeing a hotline  
10 that workers, employers, and other entities may  
11 call to obtain information regarding eligibility  
12 criteria, procedural requirements, and benefits  
13 available under this chapter; and

14 “(H) carrying out such other duties with  
15 respect to this chapter as the President may  
16 specify for purposes of this section.”.

17 (b) CLERICAL AMENDMENT.—The table of contents  
18 in section 1 of the Trade Act of 1974 is amended by in-  
19 serting after the item relating to section 249 the following:

“Sec. 250. Office of Trade Adjustment Assistance; Deputy Assistant Secretary  
for Trade Adjustment Assistance.”.

20 **SEC. 164. COLLECTION OF DATA AND REPORTS; INFORMA-**  
21 **TION TO WORKERS.**

22 (a) IN GENERAL.—Subchapter C of chapter 2 of title  
23 II of the Trade Act of 1974 (19 U.S.C. 2311 et seq.) is  
24 amended by adding at the end the following:

1   **“SEC. 250A. COLLECTION OF DATA AND REPORTS; INFOR-**  
2                   **MATION TO WORKERS.**

3           “(a) IN GENERAL.—Not later than 90 days after the  
4   date of the enactment of the Trade Adjustment Assistance  
5   Improvement Act, the Secretary shall implement a system  
6   to collect data on all adversely affected workers who apply  
7   for or receive adjustment assistance under this chapter.

8           “(b) DATA TO BE INCLUDED.—The system required  
9   under subsection (a) shall include collection of the fol-  
10   lowing data classified by State, industry, and nationwide  
11   totals:

12           “(1) The number of petitions and number of  
13   workers covered by petitions filed, certified and de-  
14   nied.

15           “(2) The processing time for each petition.

16           “(3) A breakdown of the number of certified  
17   petitions by the cause of dislocation, such as in-  
18   crease in imports, shift in production, and other  
19   causes of eligibility for adjustment assistance.

20           “(4) The number of workers participating in  
21   any aspect of the adjustment assistance program  
22   under this chapter.

23           “(5) Reemployment rates and sectors in which  
24   dislocated workers have been employed after receiv-  
25   ing adjustment assistance under this chapter.

1           “(6) The type of adjustment assistance received  
2           under this chapter, such as training or education as-  
3           sistance, reemployment adjustment assistance, cash  
4           benefits, health coverage, and relocation allowances,  
5           the number of workers receiving each type of assist-  
6           ance, and the average duration of time workers re-  
7           ceive each type of assistance.

8           “(7) The fields of training or education in  
9           which workers receiving training or education bene-  
10          fits under this chapter are enrolled, the number of  
11          workers participating in each field, classified by  
12          major types of training or education.

13          “(8) The number of workers failing to complete  
14          a course of training or education, classified by the  
15          cause for early termination.

16          “(9) The number of training waivers granted,  
17          classified by type of waiver.

18          “(10) The wages of workers before separation  
19          and any job obtained after receiving benefits under  
20          the trade adjustment assistance program under this  
21          chapter.

22          “(c) REPORT.—Not later than 16 months after the  
23          date of the enactment of the Trade Adjustment Assistance  
24          Improvement Act, the Secretary shall submit to the Com-  
25          mittee on Ways and Means of the House of Representa-

1 tives, the Committee on Finance of the Senate, and any  
2 other congressional committee of appropriate jurisdiction,  
3 a report on whether changes to eligibility requirements,  
4 benefits, or training funding under the trade adjustment  
5 assistance program under this chapter should be made  
6 based on the data collected under subsection (b).

7 “(d) AVAILABILITY ON WEBSITE OF THE DEPART-  
8 MENT OF LABOR.—The Secretary shall make the data col-  
9 lected under subsection (b) publicly available on the  
10 website of the Department of Labor, in a searchable for-  
11 mat, and shall update the data annually.”.

12 (b) CLERICAL AMENDMENT.—The table of contents  
13 in section 1 of the Trade Act of 1974 is amended by in-  
14 serting after the item relating to section 249 the following:

“Sec. 250A. Collection of data and reports; information to workers.”.

15 **SEC. 165. EXTENSION OF TAA PROGRAM.**

16 (a) FOR WORKERS.—Section 245(a) of the Trade Act  
17 of 1974 (19 U.S.C. 2317(a)) is amended by striking “De-  
18 cember 31, 2007” and inserting “September 30, 2012”.

19 (b) TERMINATION.—Section 285 of the Trade Act of  
20 1974 (19 U.S.C. 2271 note) is amended by striking “De-  
21 cember 31, 2007” each place it appears and inserting  
22 “September 30, 2012”.

23 (c) FOR FARMERS.—Section 298(a) of the Trade Act  
24 of 1974 (19 U.S.C. 2401g(a)) is amended by adding at  
25 the end the following new sentence “There are authorized

1 to be appropriated to the Department of Agriculture not  
2 to exceed \$81,000,000 for the 9-month period beginning  
3 on January 1, 2008, and \$90,000,000 for each of the fis-  
4 cal years 2009 through 2012 to carry out the purposes  
5 of this chapter.”.

6 **SEC. 166. JUDICIAL REVIEW.**

7 Section 284 of the Trade Act of 1974 (19 U.S.C.  
8 2395) is amended—

9 (1) in subsection (a)—

10 (A) by inserting “or 223A” after “223”;

11 and

12 (B) by striking “271” and inserting  
13 “273”;

14 (2) by amending subsection (b) to read as fol-  
15 lows:

16 “(b) STANDARD OF REVIEW.—The Court of Inter-  
17 national Trade shall have jurisdiction to review the case  
18 as provided in section 706 of title 5, United States Code.  
19 The findings of fact by the Secretary of Labor, the Sec-  
20 retary of Commerce, or the Secretary of Agriculture, as  
21 the case may be, must be supported by substantial evi-  
22 dence and must be based on a reasonable investigation.  
23 The Court of International Trade may—

24 “(1) remand the case to such Secretary to take  
25 further evidence; or

1           “(2) reverse the action of such Secretary.  
2 If the case is remanded under paragraph (1), the Sec-  
3 retary concerned may make new or modified findings of  
4 fact and may modify the Secretary’s previous action, and  
5 shall certify to the court the record of the further pro-  
6 ceedings. The new or modified findings of fact must be  
7 supported by substantial evidence and must be based on  
8 a reasonable investigation.”; and  
9           (3) in subsection (c), by striking the first sen-  
10 tence.

11 **SEC. 167. LIBERAL CONSTRUCTION OF CERTIFICATION OF**  
12 **WORKERS AND FIRMS.**

13       (a) IN GENERAL.—Chapter 5 of title II of the Trade  
14 Act of 1974 is amended by adding at the end the following  
15 new section:

16 **“SEC. 288. LIBERAL CONSTRUCTION OF CERTIFICATION OF**  
17 **WORKERS AND FIRMS.**

18       “The provisions of chapter 2 (relating to adjustment  
19 assistance for workers) and the provisions of chapter 3  
20 (relating to adjustment assistance for firms) shall be lib-  
21 erally construed in favor of certifying workers for assist-  
22 ance under such chapter 2 and certifying firms for assist-  
23 ance under such chapter 3.”.

1 (b) CLERICAL AMENDMENT.—The table of contents  
2 in section 1 of the Trade Act of 1974 is amended by in-  
3 serting after the item relating to section 287 the following:

“Sec. 288. Liberal construction of certification of workers and firms.”.

4 **TITLE J—TRADE ADJUSTMENT**  
5 **ASSISTANCE FOR FIRMS**

6 **SEC. 201. TRADE ADJUSTMENT ASSISTANCE FOR FIRMS.**

7 (a) IN GENERAL.—Section 251 of the Trade Act of  
8 1974 (19 U.S.C. 2341) is amended—

9 (1) in subsection (a), by inserting “or service  
10 sector firm” after “(including any agricultural  
11 firm”;

12 (2) in subsection (c)—

13 (A) in paragraph (1)—

14 (i) in the matter preceding subpara-  
15 graph (A), by inserting “or service sector  
16 firm” after “any agricultural firm”; and

17 (ii) in subparagraph (B)—

18 (I) in clause (i), by striking “,  
19 or” and inserting a comma;

20 (II) in clause (ii)—

21 (aa) by inserting “or serv-  
22 ice” after “of an article”; and

23 (bb) by striking “, and” and  
24 inserting a comma; and



1 (III) by adding at the end the  
2 following:

3 “(iii) sales or production, or both, of  
4 the firm, during the period consisting of  
5 not more than 36 months preceding the  
6 most recent 12-month period for which  
7 data are available, have decreased abso-  
8 lutely, or

9 “(iv) sales or production, or both, of  
10 an article or service that accounted for not  
11 less than 25 percent of the total produc-  
12 tion or sales of the firm during the 36-  
13 month period preceding the most recent  
14 12-month period for which data are avail-  
15 able have decreased absolutely, and”; and  
16 (B) in paragraph (2)—

17 (i) in the matter preceding subpara-  
18 graph (A), by striking “paragraph  
19 (1)(C)—” and inserting “paragraph  
20 (1)(C):”; and

21 (ii) by adding at the end the following  
22 new subparagraph:

23 “(C) In determining whether a significant num-  
24 ber of workers are threatened to become totally or  
25 partially separated, the Secretary shall consider any

1 demonstrably adverse trends, including unused pro-  
2 duction capacity in the firm, a significant decline in  
3 the firm's profitability, or a significant decline in  
4 market share.”; and

5 (3) by adding at the end the following:

6 “(e) BASIS FOR THE DETERMINATION OF THE SEC-  
7 RETARY.—

8 “(1) INCREASED IMPORTS.—For purposes of  
9 subsection (c)(1)(C), the Secretary—

10 “(A) may use data from any of the pre-  
11 ceding three calendar years to determine if the  
12 requirements of such subsection have been met;  
13 and

14 “(B) may determine that increases of im-  
15 ports of like or directly competitive articles or  
16 services exist if customers accounting for a sig-  
17 nificant percentage of the sales of the workers’  
18 firm certify to the Secretary that such cus-  
19 tomers are obtaining such articles or services  
20 from a foreign country.

21 “(2) PROCESS AND METHODS FOR OBTAINING  
22 CERTIFICATIONS.—

23 “(A) REQUEST BY PETITIONER.—If re-  
24 quested by a firm, the Secretary shall obtain  
25 the certifications under paragraph (1)(B) in

1           such manner as the Secretary determines is ap-  
2           propriate.

3           “(B) PROTECTION OF CONFIDENTIAL IN-  
4           FORMATION.—The Secretary may not release  
5           information obtained under subparagraph (A)  
6           that the Secretary considers to be confidential  
7           business information unless the party submit-  
8           ting the confidential business information had  
9           notice, at the time of submission, that such in-  
10          formation would be released by the Secretary,  
11          or such party subsequently consents to the re-  
12          lease of the information. Nothing in this sub-  
13          paragraph shall be construed to prohibit a court  
14          from requiring the submission of such confiden-  
15          tial business information to the court in cam-  
16          era.

17          “(f) NOTIFICATION TO FIRMS OF AVAILABILITY OF  
18          BENEFITS.—Upon receiving notice from the Secretary of  
19          Labor under section 225(c) of the identity of a firm or  
20          firms that are covered by a certification issued under sec-  
21          tion 223 or 223A, the Secretary of Commerce shall notify  
22          such firm or firms of the availability of adjustment assist-  
23          ance under this chapter.”.

24          (b) DEFINITION.—Section 261 of the Trade Act of  
25          1974 (19 U.S.C. 2351) is amended—

1 (1) by striking “For purposes of” and inserting  
2 “(a) FIRM.—For purposes of”; and  
3 (2) by adding at the end the following:  
4 “(b) SERVICE SECTOR FIRM.—For purposes of this  
5 chapter, the term ‘service sector firm’ means a firm en-  
6 gaged in the business of providing services.”.

7 **SEC. 202. EXTENSION OF AUTHORIZATION OF TRADE AD-**  
8 **JUSTMENT ASSISTANCE FOR FIRMS.**

9 Section 256(b) of the Trade Act of 1974 (19 U.S.C.  
10 2346(b)) is amended—

11 (1) by inserting “and \$50,000,000 for each of  
12 fiscal years 2008 through 2012,” after “fiscal years  
13 2003 through 2007,”; and

14 (2) by inserting after the first sentence the fol-  
15 lowing: “Of the amounts appropriated pursuant to  
16 this subsection for each fiscal year, \$150,000 shall  
17 be available for full-time positions in the Depart-  
18 ment of Commerce to administer the program under  
19 this chapter.”.

20 **SEC. 203. INDUSTRY-WIDE PROGRAMS FOR THE DEVELOP-**  
21 **MENT OF NEW SERVICES.**

22 Section 265(a) of the Trade Act of 1974 (19 U.S.C.  
23 2355(a)) is amended by striking “new product develop-  
24 ment” and inserting “the development of new products  
25 and services”.

1       **TITLE K—UNEMPLOYMENT**  
2                   **INSURANCE**

3   **SEC. 301. SHORT TITLE.**

4       This title may be cited as the “Unemployment Insur-  
5    ance Modernization Act”.

6   **SEC. 302. SPECIAL TRANSFERS TO STATE ACCOUNTS IN**  
7                   **THE UNEMPLOYMENT TRUST FUND.**

8       (a) IN GENERAL.—Section 903 of the Social Security  
9    Act (42 U.S.C. 1103) is amended by adding at the end  
10   the following:

11    “Special Transfers in Fiscal Years 2008 Through 2012  
12                   for Modernization

13       “(f)(1)(A) In addition to any other amounts, the Sec-  
14    retary of Labor shall provide for the making of unemploy-  
15    ment compensation modernization incentive payments  
16    (hereinafter ‘incentive payments’) to the accounts of the  
17    States in the Unemployment Trust Fund, by transfer from  
18    amounts reserved for that purpose in the Federal unem-  
19    ployment account, in accordance with succeeding provi-  
20    sions of this subsection.

21       “(B) The maximum incentive payment allowable  
22    under this subsection with respect to any State shall, as  
23    determined by the Secretary of Labor, be equal to the  
24    amount obtained by multiplying \$7,000,000,000 times the  
25    same ratio as is applicable under subsection (a)(2)(B) for

1 purposes of determining such State's share of any funds  
2 to be transferred under subsection (a) as of October 1,  
3 2007.

4 “(C) Of the maximum incentive payment determined  
5 under subparagraph (B) with respect to a State—

6 “(i) one-third shall be transferred to the ac-  
7 count of such State upon a certification under para-  
8 graph (4)(B) that the State law of such State meets  
9 the requirements of paragraph (2); and

10 “(ii) the remainder shall be transferred to the  
11 account of such State upon a certification under  
12 paragraph (4)(B) that the State law of such State  
13 meets the requirements of paragraph (3).

14 “(2) The State law of a State meets the requirements  
15 of this paragraph if such State law—

16 “(A) uses a base period that includes the most  
17 recently completed calendar quarter before the start  
18 of the benefit year for purposes of determining eligi-  
19 bility for unemployment compensation; or

20 “(B) provides that, in the case of an individual  
21 who would not otherwise be eligible for unemploy-  
22 ment compensation under the State law because of  
23 the use of a base period that does not include the  
24 most recently completed calendar quarter before the  
25 start of the benefit year, eligibility shall be deter-

1       mined using a base period that includes such cal-  
2       endar quarter.

3       “(3) The State law of a State meets the requirements  
4 of this paragraph if such State law includes provisions to  
5 carry out at least 2 of the following subparagraphs:

6               “(A) An individual shall not be denied regular  
7 unemployment compensation under any State law  
8 provisions relating to availability for work, active  
9 search for work, or refusal to accept work, solely be-  
10 cause such individual is seeking only part-time (and  
11 not full-time) work, except that the State law provi-  
12 sions carrying out this subparagraph may exclude an  
13 individual if a majority of the weeks of work in such  
14 individual’s base period do not include part-time  
15 work.

16              “(B) An individual shall not be disqualified  
17 from regular unemployment compensation for sepa-  
18 rating from employment if that separation is for  
19 compelling family reasons. For purposes of this sub-  
20 paragraph, the term ‘compelling family reasons’ in-  
21 cludes at least the following:

22                      “(i) Domestic violence (verified by such  
23 reasonable and confidential documentation as  
24 the State law may require) which causes the in-  
25 dividual reasonably to believe that such individ-

1           ual’s continued employment would jeopardize  
2           the safety of the individual or of any member  
3           of the individual’s immediate family.

4                   “(ii) The illness or disability of a member  
5           of the individual’s immediate family.

6                   “(iii) The need for the individual to accom-  
7           pany such individual’s spouse—

8                           “(I) to a place from which it is im-  
9                           practical for such individual to commute;  
10                          and

11                          “(II) due to a change in location of  
12                          the spouse’s employment.

13                   “(C) Weekly unemployment compensation is  
14           payable under this subparagraph to any individual  
15           who is unemployed (as determined under the State  
16           unemployment compensation law), has exhausted all  
17           rights to regular and (if applicable) extended unem-  
18           ployment compensation under the State law, and is  
19           enrolled and making satisfactory progress in a  
20           State-approved training program or in a job training  
21           program authorized under the Workforce Investment  
22           Act of 1998. Such program shall prepare individuals  
23           who have been separated from a declining occupa-  
24           tion, or who have been involuntarily and indefinitely  
25           separated from employment as a result of a perma-



1        nent reduction of operations at the individual's place  
2        of employment, for entry into a high-demand occu-  
3        pation. The amount of unemployment compensation  
4        payable under this subparagraph to an individual for  
5        a week of unemployment shall be equal to the indi-  
6        vidual's average weekly benefit amount (including  
7        dependents' allowances) for the most recent benefit  
8        year, and the total amount of unemployment com-  
9        pensation payable under this subparagraph to any  
10       individual shall be equal to at least 26 times the in-  
11       dividual's average weekly benefit amount (including  
12       dependents' allowances) for the most recent benefit  
13       year.

14       “(4)(A) Any State seeking an incentive payment  
15       under this subsection shall submit an application therefor  
16       at such time, in such manner, and complete with such in-  
17       formation as the Secretary of Labor may by regulation  
18       prescribe, including information relating to compliance  
19       with the requirements of paragraph (2) or (3), as well as  
20       how the State intends to use the incentive payment to im-  
21       prove or strengthen the State's unemployment compensa-  
22       tion program. The Secretary of Labor shall, within 90  
23       days after receiving a complete application, notify the  
24       State agency of the State of the Secretary's findings with

1 respect to the requirements of paragraph (2) or (3) (or  
2 both).

3 “(B) If the Secretary of Labor finds that the State  
4 law provisions (disregarding any State law provisions  
5 which are not then currently in effect as permanent law  
6 or which are subject to discontinuation under certain con-  
7 ditions) meet the requirements of paragraph (2) or (3),  
8 as the case may be, the Secretary of Labor shall thereupon  
9 make a certification to that effect to the Secretary of the  
10 Treasury, together with a certification as to the amount  
11 of the incentive payment to be transferred to the State  
12 account pursuant to that finding. The Secretary of the  
13 Treasury shall make the appropriate transfer within 30  
14 days after receiving such certification.

15 “(C)(i) No certification of compliance with the re-  
16 quirements of paragraph (2) or (3) may be made with re-  
17 spect to any State whose State law is not otherwise eligible  
18 for certification under section 303 or approvable under  
19 section 3304 of the Federal Unemployment Tax Act.

20 “(ii) No certification of compliance with the require-  
21 ments of paragraph (3) may be made with respect to any  
22 State whose State law is not in compliance with the re-  
23 quirements of paragraph (2).

24 “(iii) No application under subparagraph (A) may be  
25 considered if submitted before October 1, 2007, or after

1 the latest date necessary (as specified by the Secretary of  
2 Labor in regulations) to ensure that all incentive pay-  
3 ments under this subsection are made before October 1,  
4 2012.

5 “(5)(A) Except as provided in subparagraph (B), any  
6 amount transferred to the account of a State under this  
7 subsection may be used by such State only in the payment  
8 of cash benefits to individuals with respect to their unem-  
9 ployment (including for dependents’ allowances and for  
10 unemployment compensation under paragraph (3)(C)), ex-  
11 clusive of expenses of administration.

12 “(B) A State may, subject to the same conditions as  
13 set forth in subsection (c)(2) (excluding subparagraph (B)  
14 thereof, and deeming the reference to ‘subsections (a) and  
15 (b)’ in subparagraph (D) thereof to include this sub-  
16 section), use any amount transferred to the account of  
17 such State under this subsection for the administration  
18 of its unemployment compensation law and public employ-  
19 ment offices.

20 “(6) Out of any money in the Federal unemployment  
21 account not otherwise appropriated, the Secretary of the  
22 Treasury shall reserve \$7,000,000,000 for incentive pay-  
23 ments under this subsection. Any amount so reserved shall  
24 not be taken into account for purposes of any determina-  
25 tion under section 902, 910, or 1203 of the amount in

1 the Federal unemployment account as of any given time.  
2 Any amount so reserved for which the Secretary of the  
3 Treasury has not received a certification under paragraph  
4 (4)(B) by the deadline described in paragraph (4)(C)(iii)  
5 shall, upon the close of fiscal year 2012, become unre-  
6 stricted as to use as part of the Federal unemployment  
7 account.

8 “(7) For purposes of this subsection, the terms ‘ben-  
9 efit year’, ‘base period’, and ‘week’ have the respective  
10 meanings given such terms under section 205 of the Fed-  
11 eral-State Extended Unemployment Compensation Act of  
12 1970 (26 U.S.C. 3304 note).

13 “Special Transfers in Fiscal Years 2008 Through 2012  
14 for Administration

15 “(g)(1) Notwithstanding any other provision of this  
16 section, the total amount available for transfer to the ac-  
17 counts of the States pursuant to subsection (a) as of the  
18 beginning of each of fiscal years 2008, 2009, 2010, 2011,  
19 and 2012 shall be equal to the total amount which (dis-  
20 regarding this subsection) would otherwise be so available,  
21 increased by \$100,000,000.

22 “(2) Each State’s share of any additional amount  
23 made available by this subsection shall be determined, cer-  
24 tified, and computed in the same manner as described in  
25 subsection (a)(2) and shall be subject to the same limita-

1 tions on transfers as described in subsection (b). For pur-  
2 poses of applying subsection (b)(2), the balance of any ad-  
3 vances made to a State under section 1201 shall be cred-  
4 ited against, and operate to reduce (but not below zero)—

5 “(A) first, any additional amount which, as a  
6 result of the enactment of this subsection, is to be  
7 transferred to the account of such State in a fiscal  
8 year; and

9 “(B) second, any amount which (disregarding  
10 this subsection) is otherwise to be transferred to the  
11 account of such State pursuant to subsections (a)  
12 and (b) in such fiscal year.

13 “(3) Any additional amount transferred to the ac-  
14 count of a State as a result of the enactment of this sub-  
15 section—

16 “(A) may be used by the State agency of such  
17 State only in the payment of expenses incurred by  
18 it for—

19 “(i) the administration of the provisions of  
20 its State law carrying out the purposes of sub-  
21 section (f)(2) or any subparagraph of sub-  
22 section (f)(3);

23 “(ii) improved outreach to individuals who  
24 might be eligible for regular unemployment

1 compensation by virtue of any provisions of the  
2 State law which are described in clause (i);

3 “(iii) the improvement of unemployment  
4 benefit and unemployment tax operations; and

5 “(iv) staff-assisted reemployment services  
6 for unemployment compensation claimants; and

7 “(B) shall be excluded from the application of  
8 subsection (c).

9 “(4) The total additional amount made available by  
10 this subsection in a fiscal year shall be taken out of the  
11 amounts remaining in the employment security adminis-  
12 tration account after subtracting the total amount which  
13 (disregarding this subsection) is otherwise required to be  
14 transferred from such account in such fiscal year pursuant  
15 to subsections (a) and (b).”.

16 (b) REGULATIONS.—The Secretary of Labor may  
17 prescribe any regulations necessary to carry out the  
18 amendment made by subsection (a).

19 **SEC. 303. EXTENSION OF FUTA TAX.**

20 Section 3301 of the Internal Revenue Code of 1986  
21 (relating to rate of tax) is amended—

22 (1) by striking “2007” in paragraph (1) and in-  
23 serting “2012”, and

24 (2) by striking “2008” in paragraph (2) and in-  
25 serting “2013”.

1       **TITLE L—MANUFACTURING**  
2       **REDEVELOPMENT ZONES**

3   **SEC. 401. MANUFACTURING REDEVELOPMENT ZONES.**

4       (a) IN GENERAL.—Subchapter Y of chapter 1 of the  
5 Internal Revenue Code of 1986 is amended by adding at  
6 the end the following new part:

7   **“PART III—MANUFACTURING REDEVELOPMENT**  
8       **ZONES**

“Sec. 1400U-1. Designation of manufacturing redevelopment zones.

“Sec. 1400U-2. Eligibility criteria.

“Sec. 1400U-3. Manufacturing redevelopment tax credit bonds.

“Sec. 1400U-4. Tax-exempt manufacturing zone facility bonds.

“Sec. 1400U-5. Additional low-income housing credits.

9   **“SEC. 1400U-1. DESIGNATION OF MANUFACTURING REDE-**  
10       **VELOPMENT ZONES.**

11       “(a) IN GENERAL.—From among the areas nomi-  
12 nated for designation under this section, the Secretary  
13 may designate manufacturing redevelopment zones.

14       “(b) LIMITATIONS ON DESIGNATIONS.—The Sec-  
15 retary may designate in the aggregate [\_\_\_\_] nominated  
16 areas as manufacturing redevelopment zones, subject to  
17 the availability of eligible nominated areas. The Secretary  
18 shall designate manufacturing redevelopment zones in  
19 such manner that the aggregate population of all such  
20 zones does not exceed [\_\_\_\_].

21       “(c) PERIOD DESIGNATION MAY BE MADE.—A des-  
22 ignation may be made under subsection (a) only during

1 the 2-year period beginning on the date of the enactment  
2 of this section.

3 “(d) PERIOD FOR WHICH DESIGNATION IS IN EF-  
4 FECT.—

5 “(1) IN GENERAL.—Any designation under this  
6 section shall remain in effect during the period be-  
7 ginning on the date of the designation and ending  
8 on the earliest of—

9 “(A) the close of the 10th calendar year  
10 beginning on or after the date of the designa-  
11 tion,

12 “(B) the termination date designated by  
13 the State and local governments as provided for  
14 in their nomination, or

15 “(C) the date the Secretary revokes the  
16 designation.

17 “(2) REVOCATION OF DESIGNATION.—The Sec-  
18 retary may revoke the designation under this section  
19 of an area if such Secretary determines that the  
20 local government or the State in which it is lo-  
21 cated—

22 “(A) has modified the boundaries of the  
23 area, or

24 “(B) is not complying substantially with,  
25 or fails to make progress in achieving the



1 benchmarks set forth in, the strategic plan in-  
2 cluded with the application

3 “(e) LIMITATIONS ON DESIGNATIONS; APPLICA-  
4 TION.—Rules similar to the rules of subsections (e) and  
5 (f) of section 1391 shall apply for purposes of this section  
6 except that the rules of such subsection (f) shall be applied  
7 with respect to the eligibility criteria specified in section  
8 1400U-2.

9 “(f) DETERMINATIONS OF POPULATION.—Any deter-  
10 mination of population under this part shall be made on  
11 the basis of the most recent decennial census for which  
12 data are available.

13 **“SEC. 1400U-2. ELIGIBILITY CRITERIA.**

14 “(a) IN GENERAL.—A nominated area shall be eligi-  
15 ble for designation under section 1400U-1 only if—

16 “(1) it meets each of the criteria specified in  
17 section 1392(a),

18 “(2) the nominated area has experienced a sig-  
19 nificant decline in the number of individuals em-  
20 ployed in manufacturing or has a high concentration  
21 of abandoned or underutilized manufacturing facili-  
22 ties, and

23 “(3) no portion of the nominated area is located  
24 in an empowerment zone or renewal community, un-  
25 less the local government which nominated the area

1 elects to terminate such designation as an empower-  
2 ment zone or renewal community.

3 “(b) APPLICATION OF CERTAIN RULES; DEFINI-  
4 TIONS.—For purposes of this subchapter—

5 “(1) rules similar to the rules of subsections  
6 (b), (c), and (d) of section 1392 and paragraphs (4),  
7 (7), (8), and (9) of section 1393(a) shall apply, and

8 “(2) any term defined in section 1393 shall  
9 have the same meaning when used in this sub-  
10 chapter.

11 **“SEC. 1400U-3. MANUFACTURING REDEVELOPMENT TAX**  
12 **CREDIT BONDS.**

13 “(a) IN GENERAL.—For purposes of subpart I of  
14 part IV of subchapter A (relating to qualified tax credit  
15 bonds), the term ‘manufacturing redevelopment bond’  
16 means any bond issued as part of an issue if—

17 “(1) 100 percent of the available project pro-  
18 ceeds of such issue are to be used for one or more  
19 qualified manufacturing redevelopment purposes,

20 “(2) the bond is not a private activity bond,  
21 and

22 “(3) the local government which nominated the  
23 area to which such bond relates designates such  
24 bond for purposes of this section.

1       “(b) LIMITATION ON AMOUNT OF BONDS DES-  
2   IGNATED.—

3               “(1) IN GENERAL.—The maximum aggregate  
4       face amount of bonds which may be designated  
5       under subsection (a) with respect to any manufac-  
6       turing redevelopment zone shall not exceed the limi-  
7       tation amount allocated under this subsection to  
8       such zone.

9               “(2) NATIONAL LIMITATION ON AMOUNT OF  
10       BONDS DESIGNATED.—There is a national manufac-  
11       turing redevelopment bond limitation of **【\$\_\_\_\_\_】**.

12               “(3) METHOD OF ALLOCATION.—The limitation  
13       applicable under paragraph (2) shall be allocated by  
14       the Secretary among the manufacturing redevelop-  
15       ment zones in proportion to the populations of such  
16       zones.

17       “(c) QUALIFIED MANUFACTURING REDEVELOPMENT  
18   PURPOSE.—For purposes of this section, the term ‘quali-  
19   fied manufacturing redevelopment purposes’ means capital  
20   expenditures paid or incurred with respect to property lo-  
21   cated in a manufacturing redevelopment zone for purposes  
22   of promoting development or other economic activity in  
23   such zone, including expenditures for environmental reme-  
24   diation, improvements to public infrastructure, and con-  
25   struction of public facilities.

1 “(d) DEFINITIONS.—For purposes of this section,  
2 any term used in this section which is also used in section  
3 54A shall have the same meaning given such term by sec-  
4 tion 54A.

5 **“SEC. 1400U-4. TAX-EXEMPT MANUFACTURING ZONE FACIL-**  
6 **ITY BONDS.**

7 “(a) IN GENERAL.—For purposes of part IV of sub-  
8 chapter B (relating to tax exemption requirements for  
9 State and local bonds), the term ‘exempt facility bond’ in-  
10 cludes any bond issued as part of an issue if—

11 “(1) 95 percent or more of the net proceeds (as  
12 defined in section 150(a)(3)) of such issue are to be  
13 used for manufacturing zone property, and

14 “(2) the local government which nominated the  
15 area to which such bond relates designates such  
16 bond for purposes of this section.

17 “(b) LIMITATION ON AMOUNT OF BONDS DES-  
18 IGNATED.—

19 “(1) IN GENERAL.—The aggregate face amount  
20 of bonds which may be designated under subsection  
21 (a)(2) with respect to any manufacturing redevelop-  
22 ment zone shall not exceed—

23 “(A) **【\$\_\_\_\_\_】** if such zone is in a rural  
24 area,

1           “(B) **【\$\_\_\_\_\_】** if such zone is in an urban  
2           area and the zone has a population of less than  
3           100,000, and

4           “(C) **【\$\_\_\_\_\_】** if such zone is in an urban  
5           area and the zone has a population of at least  
6           100,000.

7           “(2) CURRENT REFUNDING NOT TAKEN INTO  
8           ACCOUNT.—In the case of a refunding (or series of  
9           refundings) of a bond designated under this section,  
10          the refunding obligation shall be treated as des-  
11          ignated under subsection (a)(2) (and shall not be  
12          taken into account in applying paragraph (1)) if—

13               “(A) the amount of the refunding bond  
14               does not exceed the outstanding amount of the  
15               refunded bond, and

16               “(B) the refunded bond is redeemed not  
17               later than 90 days after the date of issuance of  
18               the refunding bond.

19          “(c) LIMITATION ON AMOUNT OF BONDS ALLOCABLE  
20          TO ANY PERSON.—

21               “(1) IN GENERAL.—Subsection (a) shall not  
22               apply to any issue if the aggregate amount of out-  
23               standing manufacturing zone facility bonds allocable  
24               to any person (taking into account such issue) ex-  
25               ceeds—

1           “(A) \$15,000,000 with respect to any 1  
2           manufacturing redevelopment zone, or

3           “(B) \$20,000,000 with respect to all man-  
4           ufacturing redevelopment zones.

5           “(2) AGGREGATE ENTERPRISE ZONE FACILITY  
6           BOND BENEFIT.—For purposes of paragraph (1),  
7           the aggregate amount of outstanding manufacturing  
8           zone facility bonds allocable to any person shall be  
9           determined under rules similar to the rules of sec-  
10          tion 144(a)(10), taking into account only bonds to  
11          which subsection (a) applies.

12          “(d) MANUFACTURING ZONE PROPERTY.—For pur-  
13          poses of this section—

14               “(1) IN GENERAL.—The term ‘manufacturing  
15               zone property’ means any property to which section  
16               168 applies (or would apply but for section 179) if—

17                       “(A) such property was acquired by the  
18                       taxpayer by purchase (as defined in section  
19                       179(d)(2)) after the date on which the designa-  
20                       tion of the manufacturing redevelopment zone  
21                       took effect,

22                       “(B) the original use of which in the man-  
23                       ufacturing redevelopment zone commences with  
24                       the taxpayer, and

1           “(C) substantially all of the use of which  
2           is in the manufacturing redevelopment zone and  
3           is in the active conduct of a qualified business  
4           by the taxpayer in such zone.

5           “(2) QUALIFIED BUSINESS.—The term ‘quali-  
6           fied business’ means any trade or business except  
7           that—

8           “(A) the rental to others of real property  
9           located in a manufacturing redevelopment zone  
10          shall be treated as a qualified business only if  
11          the property is not residential rental property  
12          (as defined in section 168(e)(2)), and

13          “(B) such term shall not include any trade  
14          or business consisting of the operation of any  
15          facility described in section 144(c)(6)(B).

16          “(3) SPECIAL RULES FOR SUBSTANTIAL REN-  
17          OVATIONS AND SALE-LEASEBACK.—Rules similar to  
18          the rules of subsections (a)(2) and (b) of section  
19          1397D shall apply for purposes of this subsection.

20          “(e) NONAPPLICATION OF CERTAIN RULES.—Sec-  
21          tions 57(a)(5) (relating to tax-exempt interest), 146 (re-  
22          lating to volume cap), and 147(d) (relating to acquisition  
23          of existing property not permitted) shall not apply to any  
24          manufacturing zone facility bond.

1   **“SEC. 1400U-5. ADDITIONAL LOW-INCOME HOUSING CRED-**  
2                   **ITS.**

3           “(a) IN GENERAL.—For purposes of section 42, in  
4 the case of each calendar year during which the designa-  
5 tion of a manufacturing redevelopment zone is in effect,  
6 the State housing credit ceiling of the State which includes  
7 such manufacturing redevelopment zone shall be increased  
8 by the lesser of—

9           “(1) the aggregate housing credit dollar amount  
10 allocated by the State housing credit agency of such  
11 State to buildings located in such manufacturing re-  
12 development zone for such calendar year, or

13           “(2) the excess of—

14           “(A) the manufacturing zone housing  
15 amount with respect to such manufacturing re-  
16 development zone, over

17           “(B) the aggregate increases under this  
18 subsection with respect to such zone for all pre-  
19 ceding calendar years.

20           “(b) MANUFACTURING ZONE HOUSING AMOUNT.—  
21 For purposes of subsection (a), the term ‘manufacturing  
22 zone housing amount’ means, with respect to any manu-  
23 facturing redevelopment zone, the product of **【\$\_\_\_\_\_】**  
24 multiplied by the population of such zone.

25           “(c) OTHER RULES.—



1           “(1) CARRYOVERS.—Rules similar to the rules  
2           of section 1400N(c)(1)(C) shall apply for purposes  
3           of this section.

4           “(2) RETURNED AMOUNTS.—If any amount of  
5           State housing credit ceiling which was taken into ac-  
6           count under subsection (a)(1) is returned within the  
7           meaning of section 42(h)(3)(C)(iii)—

8                   “(A) such amount shall not be taken into  
9                   account under such section, and

10                   “(B) such allocation shall cease to be  
11                   treated as an increase under this subsection for  
12                   purposes of subsection (a)(2)(B) until reallo-  
13                   cated.”.

14           (b) APPLICATION OF WORK OPPORTUNITY TAX  
15           CREDIT TO MANUFACTURING REDEVELOPMENT  
16           ZONES.—Subparagraphs (A) and (B) of section 51(d)(5)  
17           of such Code are each amended by inserting “manufac-  
18           turing redevelopment zone,” after “renewal community,”.

19           (c) CONFORMING AMENDMENTS RELATED TO MANU-  
20           FACTURING REDEVELOPMENT TAX CREDIT BONDS.—

21                   (1) GENERAL RULES.—Part IV of subchapter A  
22                   of chapter 1 of such Code (relating to credits  
23                   against tax) is amended by adding at the end the  
24                   following new subpart:

1           **“Subpart I—Qualified Tax Credit Bonds**

“Sec. 54A. Credit to holders of qualified tax credit bonds.

2           **“SEC. 54A. CREDIT TO HOLDERS OF QUALIFIED TAX CRED-**  
3                           **IT BONDS.**

4           “(a) ALLOWANCE OF CREDIT.—If a taxpayer holds  
5 a qualified tax credit bond on one or more credit allowance  
6 dates of the bond during any taxable year, there shall be  
7 allowed as a credit against the tax imposed by this chapter  
8 for the taxable year an amount equal to the sum of the  
9 credits determined under subsection (b) with respect to  
10 such dates.

11          “(b) AMOUNT OF CREDIT.—

12               “(1) IN GENERAL.—The amount of the credit  
13 determined under this subsection with respect to any  
14 credit allowance date for a qualified tax credit bond  
15 is 25 percent of the annual credit determined with  
16 respect to such bond.

17               “(2) ANNUAL CREDIT.—The annual credit de-  
18 termined with respect to any qualified tax credit  
19 bond is the product of—

20                       “(A) the applicable credit rate, multiplied  
21 by

22                       “(B) the outstanding face amount of the  
23 bond.

24               “(3) APPLICABLE CREDIT RATE.—For purposes  
25 of paragraph (2), the applicable credit rate is the

1 rate which the Secretary estimates will permit the  
2 issuance of qualified tax credit bonds with a speci-  
3 fied maturity or redemption date without discount  
4 and without interest cost to the qualified issuer. The  
5 applicable credit rate with respect to any qualified  
6 tax credit bond shall be determined as of the first  
7 day on which there is a binding, written contract for  
8 the sale or exchange of the bond.

9 “(4) SPECIAL RULE FOR ISSUANCE AND RE-  
10 DEMPTION.—In the case of a bond which is issued  
11 during the 3-month period ending on a credit allow-  
12 ance date, the amount of the credit determined  
13 under this subsection with respect to such credit al-  
14 lowance date shall be a ratable portion of the credit  
15 otherwise determined based on the portion of the 3-  
16 month period during which the bond is outstanding.  
17 A similar rule shall apply when the bond is redeemed  
18 or matures.

19 “(c) LIMITATION BASED ON AMOUNT OF TAX.—

20 “(1) IN GENERAL.—The credit allowed under  
21 subsection (a) for any taxable year shall not exceed  
22 the excess of—

23 “(A) the sum of the regular tax liability  
24 (as defined in section 26(b)) plus the tax im-  
25 posed by section 55, over

1           “(B) the sum of the credits allowable  
2           under this part (other than subpart C and this  
3           subpart).

4           “(2) CARRYOVER OF UNUSED CREDIT.—If the  
5           credit allowable under subsection (a) exceeds the  
6           limitation imposed by paragraph (1) for such taxable  
7           year, such excess shall be carried to the succeeding  
8           taxable year and added to the credit allowable under  
9           subsection (a) for such taxable year (determined be-  
10          fore the application of paragraph (1) for such suc-  
11          ceeding taxable year).

12          “(d) QUALIFIED TAX CREDIT BOND.—For purposes  
13 of this section—

14           “(1) QUALIFIED TAX CREDIT BOND.—The term  
15           ‘qualified tax credit bond’ means a manufacturing  
16           redevelopment bond (as defined in section 1400U-3)  
17           which is part of an issue that meets the require-  
18           ments of paragraphs (2), (3), (4), (5), and (6).

19           “(2) SPECIAL RULES RELATING TO EXPENDI-  
20           TURES.—

21           “(A) IN GENERAL.—An issue shall be  
22           treated as meeting the requirements of this  
23           paragraph if, as of the date of issuance, the  
24           issuer reasonably expects—

1 “(i) 100 percent or more of the avail-  
2 able project proceeds to be spent for 1 or  
3 more qualified purposes within the 3-year  
4 period beginning on such date of issuance,  
5 and

6 “(ii) a binding commitment with a  
7 third party to spend at least 10 percent of  
8 such available project proceeds will be in-  
9 curred within the 6-month period begin-  
10 ning on such date of issuance.

11 “(B) FAILURE TO SPEND REQUIRED  
12 AMOUNT OF BOND PROCEEDS WITHIN 3  
13 YEARS.—

14 “(i) IN GENERAL.—To the extent that  
15 less than 100 percent of the available  
16 project proceeds of the issue are expended  
17 by the close of the expenditure period for  
18 1 or more qualified purposes, the issuer  
19 shall redeem all of the nonqualified bonds  
20 within 90 days after the end of such pe-  
21 riod. For purposes of this paragraph, the  
22 amount of the nonqualified bonds required  
23 to be redeemed shall be determined in the  
24 same manner as under section 142.

1                   “(ii) EXPENDITURE PERIOD.—For  
2                   purposes of this subpart, the term ‘expend-  
3                   iture period’ means, with respect to any  
4                   issue, the 3-year period beginning on the  
5                   date of issuance. Such term shall include  
6                   any extension of such period under clause  
7                   (iii).

8                   “(iii) EXTENSION OF PERIOD.—Upon  
9                   submission of a request prior to the expira-  
10                  tion of the expenditure period (determined  
11                  without regard to any extension under this  
12                  clause), the Secretary may extend such pe-  
13                  riod if the issuer establishes that the fail-  
14                  ure to expend the proceeds within the  
15                  original expenditure period is due to rea-  
16                  sonable cause and the expenditures for  
17                  qualified purposes will continue to proceed  
18                  with due diligence.

19                  “(C) QUALIFIED PURPOSE.—For purposes  
20                  of this paragraph, the term ‘qualified purpose’  
21                  means a purpose specified in section 1400U-  
22                  3(a)(1).

23                  “(D) REIMBURSEMENT.—For purposes of  
24                  this subtitle, available project proceeds of an  
25                  issue shall be treated as spent for a qualified

1 purpose if such proceeds are used to reimburse  
2 the issuer for amounts paid for a qualified pur-  
3 pose after the date that the Secretary makes an  
4 allocation of bond limitation with respect to  
5 such issue, but only if—

6 “(i) prior to the payment of the origi-  
7 nal expenditure, the issuer declared its in-  
8 tent to reimburse such expenditure with  
9 the proceeds of a qualified tax credit bond,

10 “(ii) not later than 60 days after pay-  
11 ment of the original expenditure, the issuer  
12 adopts an official intent to reimburse the  
13 original expenditure with such proceeds,  
14 and

15 “(iii) the reimbursement is made not  
16 later than 18 months after the date the  
17 original expenditure is paid.

18 “(3) REPORTING.—An issue shall be treated as  
19 meeting the requirements of this paragraph if the  
20 issuer of qualified tax credit bonds submits reports  
21 similar to the reports required under section 149(e).

22 “(4) SPECIAL RULES RELATING TO ARBI-  
23 TRAGE.—

24 “(A) IN GENERAL.—An issue shall be  
25 treated as meeting the requirements of this

1 paragraph if the issuer satisfies the require-  
2 ments of section 148 with respect to the pro-  
3 ceeds of the issue.

4 “(B) SPECIAL RULE FOR INVESTMENTS  
5 DURING EXPENDITURE PERIOD.—An issue shall  
6 not be treated as failing to meet the require-  
7 ments of subparagraph (A) by reason of any in-  
8 vestment of available project proceeds during  
9 the expenditure period.

10 “(C) SPECIAL RULE FOR RESERVE  
11 FUNDS.—An issue shall not be treated as fail-  
12 ing to meet the requirements of subparagraph  
13 (A) by reason of any fund which is expected to  
14 be used to repay such issue if—

15 “(i) such fund is funded at a rate not  
16 more rapid than equal annual installments,

17 “(ii) such fund is funded in a manner  
18 that such fund will not exceed the amount  
19 necessary to repay the issue if invested at  
20 the maximum rate permitted under clause  
21 (iii), and

22 “(iii) the yield on such fund is not  
23 greater than the discount rate determined  
24 under paragraph (5)(B) with respect to the  
25 issue.



1 “(5) MATURITY LIMITATION.—

2 “(A) IN GENERAL.—An issue shall not be  
3 treated as meeting the requirements of this  
4 paragraph if the maturity of any bond which is  
5 part of such issue exceeds the maximum term  
6 determined by the Secretary under subpara-  
7 graph (B).

8 “(B) MAXIMUM TERM.—During each cal-  
9 endar month, the Secretary shall determine the  
10 maximum term permitted under this paragraph  
11 for bonds issued during the following calendar  
12 month. Such maximum term shall be the term  
13 which the Secretary estimates will result in the  
14 present value of the obligation to repay the  
15 principal on the bond being equal to 50 percent  
16 of the face amount of such bond. Such present  
17 value shall be determined using as a discount  
18 rate the average annual interest rate of tax-ex-  
19 empt obligations having a term of 10 years or  
20 more which are issued during the month. If the  
21 term as so determined is not a multiple of a  
22 whole year, such term shall be rounded to the  
23 next highest whole year.

24 “(e) OTHER DEFINITIONS.—For purposes of this  
25 subchapter—

1           “(1) CREDIT ALLOWANCE DATE.—The term  
2           ‘credit allowance date’ means—

3                   “(A) March 15,

4                   “(B) June 15,

5                   “(C) September 15, and

6                   “(D) December 15.

7           Such term includes the last day on which the bond  
8           is outstanding.

9           “(2) BOND.—The term ‘bond’ includes any ob-  
10          ligation.

11          “(3) STATE.—The term ‘State’ includes the  
12          District of Columbia and any possession of the  
13          United States.

14          “(4) AVAILABLE PROJECT PROCEEDS.—The  
15          term ‘available project proceeds’ means—

16                   “(A) the excess of—

17                           “(i) the proceeds from the sale of an  
18                           issue, over

19                           “(ii) the issuance costs financed by  
20                           the issue (to the extent that such costs do  
21                           not exceed 2 percent of such proceeds),  
22                           and

23                   “(B) the proceeds from any investment of  
24          the excess described in subparagraph (A).

1       “(f) CREDIT TREATED AS INTEREST.—For purposes  
2 of this subtitle, the credit determined under subsection (a)  
3 shall be treated as interest which is includible in gross in-  
4 come.

5       “(g) S CORPORATIONS AND PARTNERSHIPS.—In the  
6 case of a tax credit bond held by an S corporation or part-  
7 nership, the allocation of the credit allowed by this section  
8 to the shareholders of such corporation or partners of such  
9 partnership shall be treated as a distribution.

10       “(h) BONDS HELD BY REGULATED INVESTMENT  
11 COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—  
12 If any qualified tax credit bond is held by a regulated in-  
13 vestment company or a real estate investment trust, the  
14 credit determined under subsection (a) shall be allowed to  
15 shareholders of such company or beneficiaries of such  
16 trust (and any gross income included under subsection (f)  
17 with respect to such credit shall be treated as distributed  
18 to such shareholders or beneficiaries) under procedures  
19 prescribed by the Secretary.

20       “(i) CREDITS MAY BE STRIPPED.—Under regula-  
21 tions prescribed by the Secretary—

22               “(1) IN GENERAL.—There may be a separation  
23 (including at issuance) of the ownership of a quali-  
24 fied tax credit bond and the entitlement to the credit  
25 under this section with respect to such bond. In case

1 of any such separation, the credit under this section  
2 shall be allowed to the person who on the credit al-  
3 lowance date holds the instrument evidencing the en-  
4 titlement to the credit and not to the holder of the  
5 bond.

6 “(2) CERTAIN RULES TO APPLY.—In the case  
7 of a separation described in paragraph (1), the rules  
8 of section 1286 shall apply to the qualified tax credit  
9 bond as if it were a stripped bond and to the credit  
10 under this section as if it were a stripped coupon.”.

11 (2) REPORTING.—Subsection (d) of section  
12 6049 of such Code (relating to returns regarding  
13 payments of interest) is amended by adding at the  
14 end the following new paragraph:

15 “(9) REPORTING OF CREDIT ON QUALIFIED  
16 TAX CREDIT BONDS.—

17 “(A) IN GENERAL.—For purposes of sub-  
18 section (a), the term ‘interest’ includes amounts  
19 includible in gross income under section 54A  
20 and such amounts shall be treated as paid on  
21 the credit allowance date (as defined in section  
22 54A(e)(1)).

23 “(B) REPORTING TO CORPORATIONS,  
24 ETC.—Except as otherwise provided in regula-  
25 tions, in the case of any interest described in

1 subparagraph (A) of this paragraph, subsection  
2 (b)(4) of this section shall be applied without  
3 regard to subparagraphs (A), (H), (I), (J), (K),  
4 and (L)(i).

5 “(C) REGULATORY AUTHORITY.—The Sec-  
6 retary may prescribe such regulations as are  
7 necessary or appropriate to carry out the pur-  
8 poses of this paragraph, including regulations  
9 which require more frequent or more detailed  
10 reporting.”.

11 (3) OTHER CONFORMING AMENDMENTS RE-  
12 LATED TO TAX CREDIT BONDS.—

13 (A) Sections 54(c)(2) and 1400N(l)(3)(B)  
14 of such Code are each amended by striking  
15 “subpart C” and inserting “subparts C and I”.

16 (B) Section 1397E(c)(2) of such Code is  
17 amended by striking “subpart H” and inserting  
18 “subparts H and I”.

19 (C) Section 6401(b)(1) of such Code is  
20 amended by striking “and H” and inserting  
21 “H, and I”.

22 (D) The heading of subpart H of part IV  
23 of subchapter A of chapter 1 of such Code is  
24 amended by striking “**Certain Bonds**” and

1 inserting “**Clean Renewable Energy**  
2 **Bonds**”.

3 (E) The table of subparts for part IV of  
4 subchapter A of chapter 1 of such Code is  
5 amended by striking the item relating to sub-  
6 part H and inserting the following new items:

“SUBPART H—NONREFUNDABLE CREDIT TO HOLDERS OF CLEAN RENEWABLE  
ENERGY BONDS.

“SUBPART I—QUALIFIED TAX CREDIT BONDS.”.

7 (d) CLERICAL AMENDMENT.—The table of parts for  
8 subchapter Y of chapter 1 of such Code is amended by  
9 adding at the end the following new item:

“PART III—MANUFACTURING REDEVELOPMENT BONDS”.

10 (e) EFFECTIVE DATE.—

11 (1) IN GENERAL.—Except as otherwise pro-  
12 vided in this subsection, the amendments made by  
13 this section shall apply to taxable years ending after  
14 the date of the enactment of this Act.

15 (2) BOND PROVISIONS.—Sections 1400U-3 and  
16 1400U-4 of the Internal Revenue Code of 1986 (as  
17 added by subsection (a)), and the amendments made  
18 by subsection (c), shall apply to obligations issued  
19 after the date of the enactment of this Act.

20 (3) WORK OPPORTUNITY TAX CREDIT.—The  
21 amendments made by subsection (b) shall apply to

- 1 individuals who begin work for the employer after
- 2 the date of the enactment of this Act.